CHILDREN AND FAMILIES AT RISK IN DETERIORATING COMMUNITIES

Y 4.W 36:103-43

Children and Families at Risk in De...

HEARING

BEFORE THE

SUBCOMMITTEE ON HUMAN RESOURCES

OF THE

COMMITTEE ON WAYS AND MEANS
HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRD CONGRESS

FIRST SESSION

DECEMBER 7, 1993

Serial 103–43

Printed for the use of the Committee on Ways and Means

APR 19 1994

U.S. GOVERNMENT PRINTING OFFICE

76–218 CC WASHINGTON : 1994

For sale by the U.S. Government Printing Office
Superintendent of Documents, Congressional Sales Office, Washington, DC 20402
ISBN 0-16-043656-7

CHILDREN AND FAMILIES AT RISK IN DETERIORATING COMMUNITIES

4. W 36: 103-43

ldren and Families at Risk in De...

HEARING

BEFORE THE

SUBCOMMITTEE ON HUMAN RESOURCES

OF THE

COMMITTEE ON WAYS AND MEANS
HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRD CONGRESS

FIRST SESSION

DECEMBER 7, 1993

Serial 103–43

Printed for the use of the Committee on Ways and Means

APR 19 1994

U.S. GOVERNMENT PRINTING OFFICE

76-218 CC WASHINGTON : 1994

For sale by the U.S. Government Printing Office
Superintendent of Documents, Congressional Sales Office, Washington, DC 20402
ISBN 0-16-043656-7

COMMITTEE ON WAYS AND MEANS

DAN ROSTENKOWSKI, Illinois, *Chairman*

SAM M. GIBBONS, Florida
J.J. PICKLE, Texas
CHARLES B. RANGEL, New York
FORTNEY PETE STARK, California
ANDY JACOBS, JR., Indiana
HAROLD E. FORD, Tennessee
ROBERT T. MATSUI, California
BARBARA B. KENNELLY, Connecticut
WILLIAM J. COYNE, Pennsylvania
MICHAEL A. ANDREWS, Texas
SANDER M. LEVIN, Michigan
BENJAMIN L. CARDIN, Maryland
JIM McDERMOTT, Washington
GERALD D. KLECZKA, Wisconsin
JOHN LEWIS, Georgia
L.F. PAYNE, Virginia
RICHARD E. NEAL, Massachusetts
PETER HOAGLAND, Nebraska
MICHAEL R. McNULTY, New York
MIKE KOPETSKI, Oregon
WILLIAM J. JEFFERSON, Louisiana
BILL K. BREWSTER, Oklahoma
MEL REYNOLDS, Illinois

BILL ARCHER, Texas
PHILIP M. CRANE, Illinois
BILL THOMAS, California
E. CLAY SHAW, JR., Florida
DON SUNDQUIST, Tennessee
NANCY L. JOHNSON, Connecticut
JIM BUNNING, Kentucky
FRED GRANDY, Iowa
AMO HOUGHTON, New York
WALLY HERGER, California
JIM McCRERY, Louisiana
MEL HANCOCK, Missouri
RICK SANTORUM, Pennsylvania
DAVE CAMP, Michigan

JANICE MAYS, *Chief Counsel and Staff Director*
CHARLES M. BRAIN, *Assistant Staff Director*
PHILLIP D. MOSELEY, *Minority Chief of Staff*

SUBCOMMITTEE ON HUMAN RESOURCES

HAROLD E. FORD, Tennessee, *Chairman*

ROBERT T. MATSUI, California
JIM McDERMOTT, Washington
SANDER M. LEVIN, Michigan
MIKE KOPETSKI, Oregon
MEL REYNOLDS, Illinois
BENJAMIN L. CARDIN, Maryland

RICK SANTORUM, Pennsylvania
E. CLAY SHAW, JR., Florida
FRED GRANDY, Iowa
DAVE CAMP, Michigan

CONTENTS

Page

Press release of Friday, November 19, 1993, announcing the hearing 2

WITNESSES

U.S. Department of Health and Human Services, Hon. Mary Jo Bane, Ph.D., Assistant Secretary for Children and Families 7
U.S. Department of Labor, Lawrence F. Katz, Ph.D., Chief Economist 18

Cook, Thomas D., Center for Urban Affairs and Policy Research, Northwestern University, Evanston, Ill 48
Hagan, John, University of Toronto, Ontario, Canada 57
Handler, Joel F., University of California, Los Angeles, Calif 45
Street, Lloyd, Department of Human Service Studies, Cornell University, Ithaca, N.Y 63

SUBMISSIONS FOR THE RECORD

National Welfare Rights and Reform Union, Kevin M. Aslanian, statement and attachments 81

CHILDREN AND FAMILIES AT RISK IN DETERIORATING COMMUNITIES

TUESDAY, DECEMBER 7, 1993

HOUSE OF REPRESENTATIVES,
COMMITTEE ON WAYS AND MEANS,
SUBCOMMITTEE ON HUMAN RESOURCES,
Washington, D.C.

The subcommittee met, pursuant to call, at 12 p.m., in room B–318, Rayburn House Office Building, Hon. Harold E. Ford (chairman of the subcommittee) presiding.

[The press release announcing the hearing follows:]

FOR IMMEDIATE RELEASE
FRIDAY, NOVEMBER 19, 1993

PRESS RELEASE #12
SUBCOMMITTEE ON HUMAN RESOURCES
COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES
1102 LONGWORTH HOUSE OFFICE BLDG.
WASHINGTON, D.C. 20515
TELEPHONE: (202) 225-1025

THE HONORABLE HAROLD E. FORD (D., TENN.), CHAIRMAN, SUBCOMMITTEE ON HUMAN RESOURCES, COMMITTEE ON WAYS AND MEANS, U.S. HOUSE OF REPRESENTATIVES, ANNOUNCES A HEARING ON CHILDREN AND FAMILIES AT RISK IN DETERIORATING COMMUNITIES

The Honorable Harold E. Ford (D., Tenn.), Chairman, Subcommittee on Human Resources, Committee on Ways and Means, U.S. House of Representatives, today announced that the Subcommittee will hold a hearing on children and families at risk in deteriorating communities. The hearing will be held on Tuesday, December 7, 1993, beginning at 12:00 p.m. in room B-318 of the Rayburn House Office Building. Testimony will be received from invited witnesses only.

BACKGROUND:

The American public has grown anxious over the last 20 years as its economic security has declined. Although median family income, adjusted for family size and inflation, has grown by a modest 6 percent since 1973, the income of families in the lowest 10 percent has fallen 11 percent, while the income of families in the upper 10 percent has jumped 18 percent. This growing disparity in the distribution of income threatens to leave many more children and families behind in deteriorating and sometimes dangerous communities.

The hearing will focus on the economic and demographic changes that have made it much more difficult for children living in deteriorating communities to grow up to be responsible and productive citizens. The Subcommittee will examine not only the behavior of individuals in deteriorating communities, but also the adverse effects the conditions in these communities have on the behavior of their residents. Although the Subcommittee has focused previously on family income as the most important factor in determining the well-being of children, at this hearing the Subcommittee is most interested in the impact of other factors, such as violence, crime, substance abuse, truancy, dropping out of school, out-of-wedlock births, and family structure.

In announcing the hearing, Chairman Ford said: "As I tour the streets of my hometown of Memphis, Tennessee, I wonder what has happened to our society as I observe seemingly aimless young men and women without jobs milling around our street corners. Have they freely chosen to hang out on street corners, or are they influenced by the lack of jobs and their deteriorating communities? If the latter is true, and I believe it is, we need to do much more than cut off welfare if mothers and fathers do not find work after a period of time. As President Clinton said in Memphis last week: 'We cannot ... repair the American community and restore the American family until we provide the structure, the values, the discipline and reward that work gives.' President Clinton stressed that good jobs and good values go together. I believe this is true, and this is what we must provide."

DETAILS FOR THE SUBMISSION OF WRITTEN COMMENTS:

Any persons or organizations wishing to submit a written statement for the printed record of the hearing should submit at least six (6) copies of their statements by the close of business, Tuesday, December 21, 1993, to Janice Mays, Chief Counsel and Staff Director, Committee on Ways and Means, U.S.

(MORE)

House of Representatives, 1102 Longworth House Office Building, Washington, D.C. 20515. If those filing a written statement for the record of the printed hearing wish to have their statements distributed to the press and the interested public at the hearing, they may provide 100 additional copies for this purpose to the Subcommittee office, room B-317 Rayburn House Office Building, on the day of the hearing.

FORMATTING REQUIREMENTS:

Each statement presented for printing to the Committee by a witness, any written statement or exhibit submitted for the printed record or any written comments in response to a request for written comments must conform to the guidelines listed below. Any statement or exhibit not in compliance with these guidelines will not be printed, but will be maintained in the Committee files for review and use by the Committee.

1. All statements and any accompanying exhibits for printing must be typed in single space on legal-size paper and may not exceed a total of 10 pages.

2. Copies of whole documents submitted as exhibit material will not be accepted for printing. Instead, exhibit material should be referenced and quoted or paraphrased. All exhibit material not meeting these specifications will be maintained in the Committee files for review and use by the Committee.

3. Statements must contain the name and capacity in which the witness will appear or, for written comments, the name and capacity of the person submitting the statement, as well as any clients or persons, or any organization for whom the witness appears or for whom the statement is submitted.

4. A supplemental sheet must accompany each statement listing the name, full address, a telephone number where the witness or the designated representative may be reached and a topical outline or summary of the comments and recommendations in the full statement. This supplemental sheet will not be included in the printed record.

The above restrictions and limitations apply only to material being submitted for printing. Statements and exhibits or supplementary material submitted solely for distribution to the Members, the press and the public during the course of a public hearing may be submitted in other forms.

*****

Chairman FORD. Good afternoon. I apologize for being a few minutes late. My flight was 10 minutes late coming in.

I want to thank all of the panelists who will be testifying today before the subcommittee and welcome all of the witnesses and the visitors to the subcommittee today.

The Subcommittee on Human Resources holds an unusual hearing with invited witnesses only to testify before the subcommittee today. Instead of focusing on policies, programs, and proposals, this hearing will examine the social and economic problems faced by children and families in deteriorating communities. It is based, in part, on the recent report of the National Research Council entitled Losing Generations: Adolescents in High-Risk Settings.

I had an opportunity to visit the Porter Junior High School and the Martin Luther King Center in Memphis, with the Victory Over Violent Crime town meeting yesterday at 3 o'clock. I learned about some of the problems that exist in rat-infested areas that are somewhat unfit for human habitation.

It is clear that this hearing today is appropriate to view broken families and the lack of family stability. The relationship between employment and crime in deteriorating communities is a severe problem.

According to the Census Bureau, in my hometown alone, the data shows that pockets of poverty in certain areas reach as high as about 52 percent. When we see teenagers, both male and female, between the ages of 16 and 19, it is clear that rural and urban America must address these problems. And I am sure that the Federal Government cannot do it all; but I think a relationship with all governments, whether it is State, local, or municipal, along with the Federal Government will better address these issues.

On Sunday of last week, we took a note in the page from President Clinton when he visited Memphis at the Holy Convocation of the Church of God and Christ and gave one of his best speeches about violence and crime. Afterward, we immediately walked through the housing projects in Memphis to address some of the ills in the city. It was very clear to me that this administration is focused in the right direction and that now it is time for us to develop policy changes that are needed to look at this horrible relationship between unemployment and crime, and see how we best might address these issues.

I certainly want to continue to hear all the statistics, but at the same time I would like to hear about some solutions that we might be mindful of and things that we ought to be doing. As one Member of this Congress and chairman of this Subcommittee on Human Resources of the Ways and Means Committee, I say to you that I don't have all of the answers, but we have certainly spent a lot of time addressing this issue. As a matter of fact, on Friday, we will do a door-to-door canvassing study to determine how people in these rat-infested areas should participate in the new policy changes and be a part of the new policy changes in their communities.

We, too, are plagued with a high crime rate in the city of Memphis, and we would like to do something about it. We are going to continue to try to work with the witnesses here today and others

throughout this country to try to make a difference in addressing many of the problems.

It is good to see that all of the weekly magazines and media outlets throughout this country are really addressing the issue. This administration is focusing more and more on it. And it is time that we not only focus, but it is time for action in this country. We know there are problems out there that we are going to have to really address and respond to with needed programs and the community intact and involved.

Just on Sunday, as I said, some 400 churches from the pulpit addressed the issue of violence and crime and set up mechanisms within those institutions to try to address and reach out to touch many people who are affected and afflicted with crime in their communities. And so, Madam Secretary, to you and to others who I have worked with over the past few months, it has been very delightful. But I certainly look to the coming days, hoping that we are going to be able to pull together and implement some of the things that we know will solve the ills of our community.

I welcome you, Ms. Mary Jo Bane, from the administration, the Assistant Secretary for Children and Families. Also Mr. Lawrence Katz, the Chief Economist for the U.S. Department of Labor.

I would like for the two of you to come and join us at the table. I am pleased that the Clinton administration recognized the importance of the subcommittee's hearings today. I would like to welcome you and the other four witnesses who will follow you at the witness table right after you complete your testimony.

I am delighted to have you here. This is an area that I can't say is directly connected to welfare reform, but it goes without saying, to not look at these ills and understand the problems that families and children are faced with, it would be difficult to craft a piece of legislation for public policy to reform or to replace the welfare system.

[The prepared statement follows:]

OPENING STATEMENT,
THE HONORABLE HAROLD E. FORD,
CHAIRMAN, SUBCOMMITTEE ON HUMAN RESOURCES,
COMMITTEE ON WAYS AND MEANS
HEARING ON CHILDREN AND FAMILIES AT RISK
IN DETERIORATING COMMUNITIES
DECEMBER 7, 1993

Today, the Subcommittee on Human Resources holds an unusual hearing with invited witnesses only. Instead of focusing on policies, programs, and proposals, this hearing will examine the social and economic problems faced by children and families in deteriorating communities. It is based, in part, on the recent report of the National Research Council entitled, Losing Generations: Adolescents in High-Risk Settings.

I am pleased the Clinton Administration recognized the importance of this hearing by sending two of its top social and economic experts -- The Honorable Mary Jo Bane, Assistant Secretary for Children and Families, U.S. Department of Health and Human Services and The Honorable Lawrence F. Katz, Chief Economist, U.S. Department of Labor. In addition, we have four distinguished witnesses from the Panel on High-Risk Youth of the National Research Council. They will discuss the conclusions of their report with particular emphasis on families, neighborhoods, communities, and crime.

Some might wonder why a Subcommittee with such pressing legislative responsibilities as welfare and unemployment programs would take time now to hear about such a broad subject. After all, we are diligently "reinventing government" and "ending welfare as we know it." But before we embark on the difficult path to welfare reform, let us pause for a moment. Let us understand the problems of children and families at risk, and let us design real solutions to these problems as we consider welfare reform and other family policies.

The preface to the National Research Council's report said: "This report is different ... in that by focusing attention on the settings ... in which young people and their families are living, it fixes responsibility where we think it belongs -- on ourselves." This does not mean the victims of poverty and welfare dependence are excused from individual responsibility, nor does it mean poverty and the so-called "welfare mess" can be blamed on them. Instead, it means we are all responsible, and we must look to each other for the solutions.

I could recite statistics today about the increasing inequality of income in this country, violence and crime, rising out-of-wedlock births, unemployment, substance abuse, and welfare dependence, but I will leave that to the witnesses. Instead, I simply want to ask the witnesses about our future. What has happened to our children? What is happening to our children? What is going to happen to our children? And, what can we do to change these trends?

I believe if our children and families are at risk, our future as a society is at risk. We must promote safe, secure, and healthy environments in which our children can grow and thrive, and become responsible, productive adults. This is a goal toward which we should work, so let us begin.

And my colleague, Mr. Levin, is here and I will yield for an opening statement or comments from him at this time.

Mr. LEVIN. Thank you, very much, Mr. Chairman.

I am just very glad to be here to hear this testimony on a most vital subject. I agree very much with your comment that as we look for reform of the welfare system, clearly the subject matter of today is highly relevant, so I look forward to the testimony.

Chairman FORD. Secretary Bane.

STATEMENT OF HON. MARY JO BANE, PH.D., ASSISTANT SECRETARY FOR CHILDREN AND FAMILIES, U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Ms. BANE. Mr. Chairman, Mr. Levin, thanks. I really do appreciate the opportunity to appear before you this afternoon as the Assistant Secretary for Children and Families and as a cochair of the President's Working Group on Welfare Reform, Family Support and Independence.

It is a real pleasure to have this opportunity to describe our efforts as we work with children and families at risk in deteriorating communities. I should also note that in my previous incarnation as a researcher I did some research on this topic and was indeed associated with the national academy group that is reporting here today. It is a pleasure to be here in both of those roles.

I have submitted a longer statement for the record. What I would like to do this afternoon is focus on two themes.

Chairman FORD. Your full text will be made a part of the record. Any summary that you would like to make, you are welcome to do so.

Ms. BANE. First, I would like to address the demographic changes that are making it more difficult for children, especially for those in poor urban neighborhoods, to become responsible and productive citizens. Second, I would like to describe some of our efforts to support children and families in distressed communities, including the administration's efforts to satisfy a commitment made by the President to transform the welfare system into a work-oriented transitional support system.

Data from the 1970, 1980, and 1990 censuses help us to understand the demographic changes that are taking place in poor urban neighborhoods. My longer testimony summarizes many of them. But there are a couple of things that are very important.

Poverty areas in the Nation's 100 largest central cities are expanding geographically, and we see that in cities from Memphis to Washington, D.C., to New York. The incidence of neighborhoods in which at least 20 percent of the families are poor has increased from 34 percent of cities' census tracts in 1980 to 39 percent in 1990.

Extremely poor neighborhoods, those with poverty rates of at least 40 percent, like the one you mentioned in Memphis, increased from 9.7 percent of city census tracts in 1980 to 13.7 percent in 1990.

And family structure has changed in these areas. The prevalence of female-headed families in central cities generally grew from about 17 percent in 1970 to 30 percent in 1990. But in the poorest areas of our central cities, about two out of three families are head-

ed by women, compared to less than one in five in nonpoor city areas.

We know that in distressed communities disadvantages can feed on each other and create a cycle that is very difficult to break. Joblessness and the stress of living in a dangerous community can lead to a lack of hope and can be accompanied by too early parenthood, dropping out of school, a lower work effort, and a dependence on welfare.

Breaking that cycle is not easy any place, but especially here. It requires an understanding of the problem and it requires integrated and creative responses of the sort that many community agencies, such as the ones in your own city, are developing.

Welfare reform that reinforces the values of work, family, and community can also help, I believe, to break that cycle. The President's mandate to our welfare reform working group, of which the Department of Labor is also a member, is clear. Welfare reform must be built on fundamental American values: Work, family, opportunity, responsibility. These values guide our thinking as we work to shape the administration's welfare reform proposal.

We have already taken a major step in rebuilding the welfare system around these values through the expansion of the earned income tax credit, which will get more money into the hands of working families who, even in the most distressed communities, remain the backbones of those communities.

Other key elements of welfare reform that will help to rebuild our most distressed communities include a commitment to bring education, training, and other support services to a larger group of welfare recipients; a commitment to strengthen the child support enforcement system to provide relief to the many single-parent families who are trying to support their families on their own; and a commitment to develop creative and effective ways to use the resources that can be devoted to welfare reform as an economic stimulus for development in distressed communities.

These commitments taken together will, I think, reinforce the values that support strong communities. An improved welfare system that focuses on getting all people who are receiving assistance involved in work and education and training should improve institutions and human relationships in communities more generally.

All the members of the task force personally visited several such communities, including those in Memphis, Los Angeles, Chicago, and Washington, D.C. As part of those visits and hearings, we listened to individual participants who described their experiences with some of the very good employment and training programs. Many of them talked in very moving ways about work and training programs that gave them hope, even in the midst of very troubled communities. I included a number of examples of those in my written testimony, and we heard many, many more.

Working with families on welfare in distressed communities may be the biggest challenge of all due to the daunting concentration of economic and social problems in such areas. But if we are to interrupt the cycle of multigeneration dependency, we have to work in those neighborhoods. As we work to change the welfare system, I think there is a lot we can learn from programs that have been effective in serving the most disadvantaged recipients.

One of the programs that has been the most inspirational is Project Match in Chicago, begun in 1985, which works in Cabrini-Green, one of the most troubled housing projects in the city of Chicago. It is a unique and very innovative welfare-to-work project, which serves severely disadvantaged families. It makes a long-term commitment to help participants move toward stable employment, and it has been successful. Interestingly, Project Match has recently begun working as a two-generational program by working with Head Start and some of the children of welfare recipients in order to take a family-centered approach.

Another example of a successful and innovative project is located in Riverside, Calif. Riverside places a strong emphasis on employment and participation. And while Riverside is not a distressed community in the same sense as many of the center city areas that we are talking about today, it has worked effectively with disadvantaged recipients and has some lessons for us in serving those communities.

We also have experience from the teen parent demonstration project which operates in Camden and Newark, New Jersey, and in Chicago, Illinois. It is a project which works with teen mothers to help them stay in school, get employment, and improve their lives and the lives of their children. It is a successful program that provides hope and opportunity to break the cycle of the disadvantaged in very troubled neighborhoods.

If we are to be successful in welfare reform, we need to build on the experiences of these successful programs and see how they contribute to the well-being of children, families, and communities.

Let me just mention a couple of the many ACF efforts that benefit communities.

We are working with States and communities to implement the recently enacted family preservation and support program, which I think provides a real opportunity for improving services to families in all areas, especially in distressed communities because it is based on a community-based family support system.

We are also, as you know, expanding the Head Start program, which is one of the most important preventive programs that we can provide to families and children. The Head Start program is a centerpiece for services and resources in many communities.

The administration is also working to try to deal with the terrible problem of violence and crime, as you noted in your opening statement, Mr. Chairman. HHS and the Department of Justice have established an interdepartmental working group on violence to try to develop some strategies for violence prevention to supplement law enforcement in our most distressed communities.

Also through interagency collaboration with the Departments of HUD and Agriculture, the administration will invest $2.5 billion in new tax incentives and $1 billion in capped entitlement grants in new empowerment zones and enterprise neighborhoods, which will be located in very distressed neighborhoods. These communities will be required to engage in comprehensive strategic planning to make sure that all of their efforts and all of their institutions fit together.

Mr. Chairman, I thank you for providing us this opportunity to talk with you about deteriorating communities and to set the stage

for our discussions on welfare reform. Because the problems in distressed communities interact to create a cycle of poverty, we really must coordinate our solutions to break the cycle.

I look forward to working with you and with other members of the committee during the next couple of months to develop solutions that will indeed reform welfare, combat poverty, and strengthen communities. Thank you very much.

Chairman FORD. Thank you very much, Madam Secretary.

[The prepared statement follows:]

TESTIMONY OF HON. MARY JO BANE
ASSISTANT SECRETARY FOR CHILDREN AND FAMILIES
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Mr. Chairman, Members of the Subcommittee, thank you for the opportunity to appear before you this afternoon. As the Assistant Secretary for Children and Families and one of the co-chairs of the President's Working Group on Welfare Reform, Family Support and Independence, I am very pleased that you have provided me this opportunity to describe some of our current efforts in working with "deteriorating" communities and explain how our experiences have affected the development of the Administration's forthcoming welfare reform proposal.

INTRODUCTION

The report by the Panel on High-Risk Youth of the National Research Council, which will be discussed in detail by your next panel of experts, provides a comprehensive description of the setting in which at-risk adolescents live. And my colleague from the Department of Labor, Dr. Katz, has provided information on labor market conditions in distressed communities.

Therefore, I will focus on two key themes. First, as requested, I will address the demographic changes which are making it more difficult for children to become responsible and productive citizens. A clear understanding of these factors is critical if we are to be successful in designing initiatives that will adequately address the problems in distressed communities.

Second, I will describe some of the major efforts currently being undertaken by the Administration for Children and Families in support of individuals and families in distressed communities, and the Administration efforts to satisfy a commitment made by the President to transform the welfare system into a transitional support system. There are both great opportunities and great challenges for refocusing the welfare system on work and jobs in distressed communities. There is no question that successful welfare reform efforts will be more difficult in these communities, but there also is no question that success there can do the most good.

DEMOGRAPHIC CHANGES

We've been studying the statistics for years -- and we know they show growing problems in many poor communities. A brief overview of these statistics paints a daunting picture. The data I will summarize here are from a recent paper by John Kasarda, who is one of the first scholars to look at how distressed communities changed between the 1980 decennial census and the 1990 census.

The areas of poverty in the nation's 100 largest central cities are spreading. The incidence of neighborhoods in which at least 20 percent of families are poor has increased from 34 percent of cities' census tracts in 1980 to 39 percent in 1990.

Neighborhoods which are extremely poor, those with a poverty rate of at least 40 percent, increased from 9.7 percent of city tracts in 1980 to 13.7 percent in 1990.

Naturally, this growth in the number of distressed city areas has been accompanied by a deterioration of the living conditions of more and more residents. The likelihood that a city resident would live in a distressed neighborhood, one with disproportionately high levels of poverty, joblessness, female headed families and welfare receipt has increased dramatically, from less than 1 in 50 in 1970 to more than 1 in 10 in 1990. The likelihood that a city dweller would live in an extremely poor neighborhood, 40 percent poverty rate or higher, more than doubled from 5.2 percent in 1970 to 10.7 in 1990.

There has been an accompanying change in the family structure in these areas. The prevalence of female headed families in the central cities grew from about 17 percent in 1970 to 30 percent in 1990. But in the poorest areas of these cities, about two out of three families are headed by females compared to less than one in five in non-poor city areas.

This change has also been reflected in the educational attainment of city residents. While there has actually been an increase in the percent of young people with a high school education since 1970, even in central cities, there has been a growing concentration of the least educated in poor neighborhoods. Whereas in 1970, only 1 in 16 adults with less than a high school education lived in an area of extreme poverty, by 1990 1 in 6 lived in one the cities' extremely poor areas. Joblessness among these young high school dropouts was about 80 percent in 1990.

We know that in distressed communities these trends feed on each other -- creating a cycle which is very difficult to break. Joblessness and the stress of living in dangerous circumstances can lead to lack of hope, and can be accompanied by too early parenthood, low work effort and dependence on welfare. Welfare reform that expects responsibility and provides opportunity, that reinforces the values of work and family that residents of poor neighborhoods struggle to hold on to, can help to break the cycle.

WELFARE REFORM

The President has been very clear in his mandate to the Welfare Reform Working Group: welfare reform is built on fundamental American values -- work, family, opportunity and responsibility. These are the very values that provide hope to distressed communities as they strive to become revitalized and strong.

These values are a vital part of the fundamental principles that guide our thinking in shaping the Administration's welfare reform proposal.

- Work
  Work must pay, so that those who make the transition off of welfare are rewarded for their efforts.

- Family
  There is an expectation that families are first and foremost responsible for the well-being and support of their children; that even if they do not live with their children, parents are obligated to support them.

- Opportunity
  There is a recognition that we must invest in the productive capacity of welfare recipients through education, training and employment opportunities and that families need child care and medical assistance in making the transition from welfare to work.

- Responsibility
  Everyone who can should work to support their families.

Rebuilding the welfare system around these values is essential to helping individuals and families living in distressed communities. We already have taken a major step. The recent expansion in the Earned Income Tax Credit helps make work pay and gets more money into the hands of working families, giving them sufficient income to allow them to live independently and to put more money into the economies of distressed communities.

The Welfare Reform Task Force is looking at a number of key components of welfare reform that would certainly help to rebuild our nation's most distressed communities:

- a commitment to bring training, education and other support services to a larger group of people living in distressed communities to help them get and hold jobs

- a commitment to strengthen the child support enforcement system to reinforce the notion that both parents are responsible for their children, and to provide relief to the many single parents in distressed communities who are trying to support families on their own

- a commitment to develop creative and effective ways to use the resources to be devoted to welfare reform as an economic stimulus for development in distressed communities

All of these commitments taken together would be important in reinforcing the values that support a strong community. Further, an improved welfare system that focuses on getting all people who are receiving assistance involved in activities that move them toward work will be doing a lot to improve institutions and human relationships in communities.

These ideas were built on, and reinforced by, the many individuals we heard from throughout the country who were facing the challenges of living in distressed communities. All of the members of the President's Task Force on Welfare Reform personally visited several such communities including Memphis, Los Angeles, Chicago, and Washington, D.C., and we listened to ...

...Letitia in Chicago who explained why she struggles to keep a part-time job and also attend school, while receiving AFDC benefits: "I need to let my children know that it's okay to work. You have to work. I don't want to let my children see this image of me sitting on the couch--an image that I've had myself--of sitting on the couch...and watching TV. I don't want my children to think that that's the life because that's not going to get them anywhere."

...Sheila in Washington, DC who explained that "The freedom that comes with planning your life...and making a contribution to a work force, becoming part of the human race, is of vital importance to anyone."

...Carol from the Appalachian Mountains in Tennessee who explained the problem with service delivery for rural recipients who qualify for the JOBS program: "I was told of the JOBS program. I thought GREAT!...In the long run, I couldn't participate. Classes were 30 miles away...Classes are afternoons or nights, who is going to keep your children? Secretarial or nursing was offered. Where will you get a job?"

...Evelyn from Santa Clara, CA who explained how the CA GAIN program gave her the basic skills she lacked, found her a job and changed her attitude toward life and work: "I had no skills at all...My motivation was low, I had no self-esteem, I had really nothing to live for...I got a letter to come into the GAIN program...I wasn't motivated. I really didn't belong. I had a bad attitude...I started to learn -- I went to Adult Basic Education, I got my GED, I went through vocational training... Now I'm working for the GAIN program. When people call in for orientation, I insist, I persuade them to come in."

Working with families on welfare in distressed communities may be our biggest challenge due to the daunting concentration of economic and social problems in such areas. But if we are to interrupt the cycle of multi-generation dependency, we must focus on these neighborhoods. As we undertake to change the welfare system, there are lessons we can learn from the experiences of employment, education and training programs that have been effective in serving such communities and the most disadvantaged of recipients.

Project Match in Chicago, begun in 1985, is a unique and innovative welfare-to-work project which serves severely disadvantaged families through community-based efforts. It makes a long-term commitment to help participants move toward stable employment and economic self-sufficiency. To date the program has worked with more than 740 residents of the Cabrini-Green community in Chicago, one of the most distressed areas in the country. Project Match case managers help to link existing supportive services for participants using a brokerage system. They also work with participants in setting goals, monitoring progress and addressing obstacles to participation. Key services include job development, help in retaining job and school placements, help with transitions when placements do not work out, and recognition for attainment of incremental milestones.

While services in the program are offered on a voluntary basis and are open to anyone who wishes to enroll, a typical Project Match participant is likely to be an unmarried female African-American under the age of 25 and a resident of the Cabrini-Green public housing development. Only 55 percent of the participants come into the program with prior work experience, and over half also grew up in a home supported by welfare. Ms. Smith is one such participant. She is the mother of three children and was, herself, raised in the Cabrini-Green development. Ms. Smith is now a Teacher Aide at her son's school and is planning to enroll in college to get the training she needs to become an Instructional Aide.

Another example of a successful and innovative community project which is serving to alleviate the problems of welfare dependency and unemployment is located in Riverside County, California. Riverside was one of six counties evaluated by the Manpower Demonstration Research Corporation (MDRC) as part of its study of the GAIN program. (GAIN is the name of the JOBS program in California.) The essence of Riverside's approach is a pervasive emphasis on employment -- even for participants in basic education -- and an equally strong focus on participation. In addition, the program cultivates a strong employer link through direct job development.

While Riverside county is not a distressed community in the same sense as some of the central areas we are discussing today, the Riverside project has focused much of its resources on the most disadvantaged of recipients, and it has achieved significant success in serving these disadvantaged recipients. For long-term recipients, who have generally received welfare for more than two years, MDRC found that over a two-year follow-up period, those participating in the project had earnings which were 94 percent (or over $100 per month) higher than those in a control group. These earnings gains for long-term recipients were substantially higher than those experienced by short-term recipients. Welfare payments to long-term recipients were reduced 14 percent (or about $65 per month), compared to those of a control group. Welfare reductions for short-term recipients were comparable.

The Riverside program achieved the largest impact among any of the six GAIN counties and the most significant impact we have ever seen in any large-scale study of welfare-to-work programs. Naturally, Mr. Chairman, the results in Riverside county are still preliminary after just two years. We need to evaluate the

program over a longer time span before drawing any final conclusions, but I think there are nevertheless some lessons to be learned from the positive findings we have seen so far.

MDRC attributes the county's success to its particular combination of practices and conditions. First, Riverside has effectively altered the welfare agency culture by emphasizing employment for all participants. As the statistics show, its philosophy has worked effectively with both short-term and long-term welfare recipients. Secondly, Riverside demonstrates a strong commitment to securing the participation of all mandatory registrants. MDRC found that overall participation rates were high and that there was strong reliance on formal penalties to enforce participation.

Another experience I would like to share is from the demonstration projects we have sponsored for teen parents in three inner-city communities. Recent research findings have demonstrated that it is possible to have a large-scale mandatory program for teen parents in such areas that produces results.

Specifically, the Teen Parent Demonstration Program, which operated in New Jersey (Camden and Newark) and Illinois (Chicago), showed that teen mothers on AFDC (6,000 first-time mothers) achieved and sustained significantly higher rates of school attendance and employment when they were part of a mandatory training and support services program. Seventy-nine percent of the enhanced services group were in school, job training or a job during the two years after enrollment while only two-thirds of those receiving regular AFDC were active in such activities. The net result was a 19 percent higher rate of success for the demonstration program participants.

If we are to be successful in making welfare a transitional support program, we must continue to focus on the teen parent population. We must work together with the States to see how to implement requirements for teen parents more effectively.

OTHER ADMINISTRATION INITIATIVES

I also would like to discuss other efforts the Administration for Children and Families currently is undertaking, or participating in, which benefit communities. These efforts support and bolster the positive impacts which will be derived from welfare reform.

- We are actively involved in working with States and communities to implement the recently enacted family preservation and support program. The purpose of this new capped entitlement is to enable each State to develop or expand, and operate a program of family preservation services and community-based family support services.

  Almost $1 billion dollars has been authorized for this program over five years. The funds will be used to support the efforts of the Federal government, States and local communities working together to develop programs that can provide a continuum of services for children and families.

  In addition to the provision of services, the new program offers States an extraordinary opportunity to assess and make changes in State and local service delivery that will lead to improved well-being for vulnerable children and their families who receive these services. This new program can serve as a catalyst for establishing a continuum of coordinated and integrated, family-focused services for children and families, with services that are funded under this statute and those that are not. For example, this continuum can offer family support and family preservation

services; other child welfare services (such as child abuse and neglect, protective services, foster care); services to support reunification, adoption, kinship care, independent living, or other permanent living arrangements; and assistance for families to meet other needs, e.g., housing, employment, and health.

- Among the ongoing Federal programs which serve to reduce and prevent the problems facing many children and families in deteriorating communities are the Head Start Program, the Independent Living Program, and prevention activities for child abuse and neglect.

  The Head Start program not only provides comprehensive developmental services for America's low-income pre-school children, but also focuses on parent and community involvement. Approximately 1,400 community-based non-profit organizations and school systems have developed unique and innovative programs to meet the needs of the communities.

  Head Start also provides additional funding to 66 grantees to operate Family Service Centers. These Centers work with other community agencies and organizations, both public and private, to help Head Start families identify and address specific problems such as substance abuse, illiteracy and inability to gain employment through more extensive social services.

  In addition, a substance abuse initiative has been developed to build the capacity of Head Start grantees to address issues of alcohol and other drug use and abuse.

- The Independent Living program provides services to youth, ages 16 and over, to help them make the transition from foster care to self-sufficiency. Examples of such services include educational and employment assistance, training in daily living skills, and individual and group counseling.

- The National Center on Child Abuse and Neglect allocates child abuse and neglect funds to States to improve and increase prevention and treatment activities and coordinates the federal government's activities in this field. In addition, there are discretionary funds available which support research on the causes, prevention and treatment of child abuse and neglect as well as on the development and implementation of training programs.

- The Administration also is currently working to curb violence in communities across the country. HHS and the Department of Justice have established an Interdepartmental Working Group on Violence to develop both short and long term strategies for violence prevention that will add to current law enforcement measures. The working group is guided by three premises: one, while national leadership is essential, lasting solutions must be based in neighborhoods and communities; two, a variety of approaches must be contemplated, both because prevention is multidimensional and because local needs and strengths will differ from place to place; and finally, resources are limited. It is anticipated that the overall working group will submit a report to the Domestic Policy Council early next year.

- Through interagency collaboration with the Departments of HUD, Agriculture and HHS, the Administration will invest $2.5 billion in new tax incentives and $1 billion in capped entitlement grants available under title XX of the Social Security Act to States for qualified empowerment zones and enterprise communities. This initiative targets distressed communities and directs funding at specific goals for assisting adults and youth in achieving and maintaining self-sufficiency, creating economic opportunity and a community environment in which human initiative can flourish. To most effectively implement this initiative and assist communities in achieving these goals, the President has established the Community Enterprise Board consisting of top administration officials from across the Federal government with Vice President Gore serving as the chair.

- The reauthorization of the largest Federal elementary and secondary education programs, through the Improving America's Schools Act, is designed to ensure that resources are targeted to students in very high poverty communities, so that they have the opportunity to achieve to the same standards as other children. Further, the legislation promotes innovations, such as the provision of comprehensive services for children and youth in very high poverty communities.

CONCLUSION

Mr. Chairman, I would like to thank you again for providing this opportunity to examine the problems in deteriorating communities and set the stage for future discussions on welfare reform. Just as the problems in distressed communities feed on each other to create a cycle of poverty and despair, so too the solutions must work together to break this cycle and allow the individual and communities to prosper. I look forward to continuing our dialogue during the next several months so that we can work together to develop solutions which will combat poverty, strengthen deteriorating communities, and make welfare a truly transitional program.

Chairman FORD. Dr. Katz.

STATEMENT OF LAWRENCE F. KATZ, PH.D., CHIEF ECONOMIST, U.S. DEPARTMENT OF LABOR

Mr. KATZ. Mr. Chairman, and Mr. Levin, I want to thank you for the opportunity to appear before the subcommittee today to talk about what we know about the causes and effects of recent adverse labor market trends affecting families in distressed communities, and less educated and disadvantaged Americans in general.

An understanding of the large changes in labor market conditions affecting those in distressed communities is essential for the formulation of effective ways of dealing with those problems and of improving the employment and earning prospects of those who live in high poverty communities.

I submit a written statement that goes into a little bit of detail on some of the facts about the trends and what we know about explanations. I would like to make a few points in my oral summary here today: First, I'd like to discuss some of the highlights of what is known about the labor market changes; second, I will comment on the implications for the disadvantaged; and, third, I'll look at what the implications are for thinking about policy design in this area.

As this subcommittee has been one of the major places in pointing out through the Green Book and through hearings, there are clearly tremendous problems for the disadvantaged American youth and young families in the United States. Those with limited education or skills from poor families and impoverished neighborhoods and minority backgrounds have seen economic conditions deteriorate substantially over the last 20 years.

The real wages of the less educated and disadvantaged individuals have fallen dramatically, 20 to 30 percent in real terms for those without high school degrees or those with only a high school education. More and more disadvantaged young men and women are idle in the sense of not being in school, not working, and not actively looking for work. In some of our most disadvantaged neighborhoods up to 80 percent of young, out-of-school youth are not at work.

The proportion of young men in trouble with the law has increased dramatically, and the link between the criminal justice system and what we do for employment policies has become more and more important over time.

What I would like to do today is talk a little bit about how these basic distressing facts seem to be related to broader changes in the labor market, both weak labor market conditions for substantial periods of time and a clear twist in the labor market against the less educated and against the disadvantaged. But I also want to point out that while I think that labor market changes and economic changes set off most of the problems that we are seeing, an open question is the extent to which policies that make the labor market tighter will be sufficient to overcome these problems, and that once the sort of vicious cycle starts, it is clear that one has to have job opportunity to improve the situation.

But more targeted investments, more things having to do with improving community and neighborhood institutions that have de-

teriorated because of economic slack times are going to be necessary to restore the American dream to those families in our most distressed areas.

The rise in inequality is something that this subcommittee has been very intent on at communicating to the American public. And almost any way you chop up the data, whether you look at income, whether you look at consumption, whether you include transfers or not, it is clear that income inequality has increased over the last 20 years and the real living standards for those in the bottom 20 or 40 percent appear to have declined.

It is also clear that changes in the labor market seem to be the largest factor in explaining what has gone on. Most researchers who have looked at this issue think that has to do with major shifts in the economy, having to do with technological change and globalization, that have shifted the demand for labor against manual work, against those who are less educated, in favor of those with problem solving skills.

But on top of that, a number of other things have happened in the economy. It is particularly interesting to compare the 1940s and the 1980s in terms of what is going on in the labor markets.

The 1940s were a period during which wage inequality narrowed dramatically and one saw people being brought up from the bottom. It was a period of strong demand for people with high school degrees, as what is now the Rust Belt was the Steel Belt and there was strong demand in the manufacturing sector. It was also a period when institutions and government were working strongly through the minimum wage being put into effect, through unions being stronger, that led to a narrowing of differentials and strong growth. We had a very strong economy for much of that period.

The 1980s, in contrast, saw rising inequality and decline in earnings at the bottom. There was a shift away from jobs that provided high earning opportunities to those without college degrees in the manufacturing sector. There was a decline of the importance of the institutions that had been built up in the 1940s and that had persisted through much of the postwar period, the unions and the minimum wages that had kept up wages at that level. And that is an important contrast. It is both economic changes but also institutions and policies that play a role.

The other way to take a look at that is to make international comparisons. All the advanced industrial nations have faced a similar change in global markets and technology that have shifted labor demand against the less skilled and least advantaged, but not all of them have seen massive increases in wage inequality. The two countries that have seen the largest increases in inequality are the United States and Great Britain. Those are also the two countries that have the least well-developed policies for investing in noncollege graduates, the least well-structured school-to-work transition for young people, and the most decentralized labor markets with the smallest role for unions and the largest declines in unionization.

What we learn from looking at the cross-country evidence on these changes is that there are real economic changes going on, but how economies respond to them depend on institutions and on poli-

cies. Two types of policies have been used at the international level to mitigate the rise in inequality.

One is very direct intervention in the wage setting process through government extensions of contracts, through high minimum wages that a number of European countries have done, like Italy and France.

When those are done in isolation, there do seem to be problems because there are real economic changes shifting the demand against certain types of workers. When not combined with policy to augment skills, one of the outcomes is persistent nonemployment among youth and the less educated, with much of the labor market shifting to the underground economy as has been seen in Italy.

The second approach is investing heavily in the skills of young people, especially those not going on to college. Germany and Japan have been leaders in this and really have developed an effective system for the school-to-work transition.

No country has avoided all three of the following outcomes; that is rising inequality, declining earnings for the less educated or declining employment prospects and rising unemployment. No one has found the magic bullet. But it does seem from looking at cross-country comparisons that policies that combine making work pay, improving the prospects for those in the low-wage labor market, whether it is through the earned income tax credit or other policies, need to be combined with policies to augment skills and to improve the linkage between schools and the labor market for the less advantaged.

Neither alone seem sufficient, and both seem to be necessary to deal with the shifts in the labor market. And these shifts have been particularly problematic for those in distressed communities and in the inner city. This has been affected both by the overall shift in demand against the less educated as well as the redistribution of employment out of the central city and into the suburbs.

And particularly for disadvantaged young men, the shift out of jobs where you could leave high school and earn a high wage previously in a factory toward the service sectors with jobs that deal with skills and dealing with customers and problem solving has had a major effect on those in the inner city.

And I think it is clear, because if you don't just look at the United States, you look at other areas where there have been major shifts in the demand for labor and growth of joblessness, that many of the problems that we see—teenage pregnancy, increasing crime, deprivation—seem to not just be problems of the American inner city but occur at other places where there are large job losses and persistent joblessness.

If you look at the north of England or the south of Italy or south of Spain, similar trends are there which strongly suggest that economic factors are what prompt these changes. But once they are in, even stronger economies by themselves, stronger macro performance, doesn't seem by itself to overcome the deterioration of neighborhood institutions.

It is clear that if one compares the boom of the 1980s to the boom of the 1960s, that it is better to have a boom than to have a weak economy. But it is exceptionally difficult to reduce poverty and bring up the bottom in communities that have been devastated

for such a long period before, and where the institutions connecting the individuals to the labor market have been broken and where such things as connection to crime meant, for many young individuals, tremendous anxiety on the part of employers trying to bring them in.

And there are two important effects of the increasing importance of crime for young men. One is the direct effect that the data is very strong on. Mary Jo and my colleague at Harvard previously, Richard Freeman, have done some work looking at the crime in the labor market. Those who have been involved in crime appear to have longrun, persistent problems in gaining employment and gaining earnings. But there is also a spillover effect as employers are fearful and more concerned with the references, particularly for minority males, that as interviews of employers have shown, even those that have not had any criminal involvement are viewed as more suspect and they have a more difficult time, given lack of networks and lack of some way of proving their worth in the labor market.

That is why it is clear that we need a stronger macro economy, but it is also clear that we need strong investments to rebuild these neighborhood institutions, both direct things such as the empowerment zone initiative that the administration has done, the Labor Department's initiative for Youth Fair Chance, and through developing a national framework for a school-to-work policy.

And I would like to make a couple of points on some of the things that we have learned from looking at policies repairing these communities.

The first is that historically we have not done a very good job of targeting resources in concentrated areas. Things have tended to be spread out all over the place and there seems to be theoretical and empirical reasons for thinking that concentrating resources in areas of need is important, because the extent you believe in things such as peers mattering, families mattering, neighborhoods mattering, when you do things on an individualistic basis and you spread it out all over the place, you are working against all the influences in the environment. If you are concentrating in an area and affecting peers, affecting other members of the family, it is likely you are going to have much more effective policies.

The second is that job training does seem to work for adults and the disadvantaged, but the effects are modest and other things need to be done to make work pay.

The third important point is dealing with disadvantaged youth seems to be very difficult. We haven't had many success stories and you will hear this from the panel later on today.

But what seems to be important is that you can't have piecemeal efforts. You have to have things that are very intensive such as the Job Corps, which is our most successful policy that involves a change in the environment, a change in both education and training as well as intensive supervision, job search assistance, and a way of connecting people to the labor market. Concentrating resources in more intensive policies seem to be necessary to improve things for youth.

A final point I would like to make is that, along with welfare reform, the link to the criminal justice system is more and more im-

portant in changing attitudes toward work and the gains from having it. There are two ways to look at this. One is a pessimistic approach to the disintegration of neighborhoods and that is that each stronger economic growth by itself may not fully be able to reverse this process.

But on the other hand there is an optimistic way of looking at it. Even those of our individualistic evaluations of programs like job training, like welfare-to-work, find only modest impacts, not enough to pull people out of poverty by themselves. It may be that we underestimate what would happen if you concentrate resources in the sense that we worry about the problem of things such as the culture of poverty and welfare. If you affect people in a concentrated way, there may be multiplying effects.

Improving working opportunities for parents will improve outcomes for children. And, therefore, if we really make an effort in this area, we may have reason to be more optimistic than our modest approach of evaluating these policies.

And I look very much forward to working together with this Committee on trying to further understand these issues and trying to make that type of concentrated effort.

Chairman FORD. Thank you very much, Dr. Katz. And Assistant Secretary Bane, let me thank you again for your testimony.

[The prepared statement follows:]

TESTIMONY OF LAWRENCE F. KATZ
CHIEF ECONOMIST
U.S. DEPARTMENT OF LABOR

Mr. Chairman and Members of the Committee, thank you for the opportunity to appear before your Committee today as part of your hearings on Children and Families at Risk in Deteriorating Communities. I am very pleased that you have provided me with the opportunity to discuss the causes and effects of recent adverse labor market trends affecting low-skilled workers. An understanding of the nature of the labor market conditions facing disadvantaged individuals is crucial to the formulation of effective policies to improve their employment and earnings prospects and to revitalize the economic and social conditions of high-poverty communities.

INTRODUCTION

The economic and social well-being of disadvantaged American youths and young adults -- those with limited education or skills, from poor families and impoverished neighborhoods, and from minority backgrounds -- has deteriorated substantially over the last twenty years.

- The real wages of the young and less-educated plummeted, breaking the historic pattern of rising earnings for American workers at all skill levels. In the early 1990s the real hourly pay of recent male high school graduates was more than 20 percent below that of recent graduates twenty years earlier; the decline in pay of young high school dropouts has been even more extreme.

- More and more disadvantaged young men and young women are "idle," not in school, working, or looking for work. Approximately 50 percent of out-of-school young Americans (those age 16 to 24 years) without a high school degree are currently not employed. And more than 70 percent of young black high school dropouts are currently not employed. Many of these out-of-school youths are persistently out of work and have the potential for being permanently lost to the legitimate economy.

- The proportion of young men in trouble with the law has increased dramatically. Almost 700,000 young men from 16 to 34 years of age were incarcerated in 1989. Richard Freeman of Harvard estimates that approximately 50 percent of 18-34 year old, black male, high school dropouts had criminal records in the late 1980s. No other developed country faced such levels of crime among its youth (Freeman, 1991).

- Homicide, drug abuse, and the AIDS epidemic are taking a rising toll on disadvantaged youths.

- A smaller proportion of young disadvantaged Americans are marrying and forming families. Those that do are increasingly poor, as are their children.

- The low incomes, high joblessness, and social pathologies of young Americans mean that many have problems obtaining the basic necessities. Even during the late 1980s boom, the number of homeless families headed by young women grew, while the

weakened economy of early 1990s increased the proportion of the young dependent on food stamps and welfare.

Not every indicator of the lives of disadvantaged youths and young adults shows deterioration, but the overall picture is grim. A large proportion of the young women and young men who are the future of the country -- the workers of the 21st century -- are in trouble.

What caused the deterioration of the economic and social lives of disadvantaged young Americans? What must be done -- by youths and their families, by local communities, by employers, by the Federal government -- to restore the American dream to the disadvantaged? These are extremely hard questions involving complex individual and social behavior to which no one has definitive answers. In this testimony, I will try to briefly summarize what has been learned from research on how broad economic forces appear to have twisted the labor market against the less-skilled and the disadvantaged. I will then discuss how these labor market shifts have affected the economic and social conditions faced by young Americans in distressed communities and some of the implications for the design of strategies to improve these conditions. The Losing Generations report by the Panel on High-Risk Youth of the National Research Council, which will be discussed in detail by your panel of experts, provides a much more comprehensive picture of changes in the settings in which high-risk adolescents live and of what is known about how these changes have translated into deteriorating socioeconomic outcomes.

THE NATURE AND LIKELY CAUSES OF RISING WAGE INEQUALITY

Family income inequality increased substantially in the United States over the last twenty years especially during the 1980s. The pre-tax cash incomes of the bottom forty percent of families were no higher at the end of a long economic expansion in 1989 than were the incomes of the bottom forty percent of families a decade earlier in real terms. In contrast, the incomes of the upper 20 percent of families were almost 20 percent higher in 1989 than those of analogous families in 1979. These differences did not narrow in the early 1990s.

The enormous disparities in the fortunes of American families in recent years largely have been associated with labor market changes that have increased overall wage inequality and altered the wage structure in favor of more-educated and more-skilled workers. Recent broad changes in the U.S. wage structure can be summarized as follows:

- From the 1970s to the early 1990s wage dispersion increased in the United States to levels greater than at any time since 1940. The hourly earnings of a full-time worker in the 90th percentile of the U.S. earnings distribution (someone whose earnings exceeded those of 90% of all workers) relative to a worker in the 10th percentile (someone whose earnings exceeded those of just 10% of all workers) grew by 20 percent for men and 25 percent for women from 1979 to 1989. The gap increased further in the early 1990s.

- Pay differentials by education and age increased. The college/high school wage premium doubled for young workers with weekly wages of young male college graduates increasing by some 30 percent relative to those of young males with twelve or fewer years of schooling. In addition, among workers without college degrees the wages of older workers rose relative to those of younger workers. The only earnings differential that fell was that between men and women, which dropped by 10 percent or so in all education and age groups in the 1980s.

- Wage dispersion increased within demographic and skill groups. The wages of individuals of the same age, education, and sex, working in the same industry and occupation, were more unequal in the early 1990s than ten or twenty years earlier. Much of this increase took the form of greater wage differentials for "similar" workers across establishments in the same industry.

In summary, both one's labor market "connections" and one's formal educational qualifications appear to matter more for one's earnings today than in the past. Those from disadvantaged backgrounds are increasingly handicapped in the labor market on both of these fronts.

Since these changes in the wage structure occurred in a period of stagnation in overall real wage growth, the less-educated and less-fortunate suffered substantial real earnings losses relative to analogous individuals one or two decades earlier. The sharp rise in educational wage differentials started in the early 1980s. But the pattern of overall rising wage inequality, rapidly expanding within group inequality, and declining real earnings for the less-skilled has been apparent for twenty years.

What explains rising wage inequality in the United States? Most researchers conclude that the major cause of rising wage inequality and increased educational wage differentials since the 1970s is a strong secular shift in relative labor demand favoring more-educated workers and those with

problem-solving skills (e.g., Bound and Johnson, 1992; Freeman and Katz, 1993; Katz and Murphy, 1992; Levy and Murnane, 1992; and Murphy and Welch, 1992). This relative demand shift has been the result of technological changes favoring more-educated labor inside almost every sector in the economy and sectoral shifts in employment away from sectors that have traditionally provided high-wage opportunities for less-educated workers. The supply side also played some role in the 1980s as the historic downward trend in the relative supply of less educated young workers weakened, due to the decrease in the rate of growth of the college graduate share of workers, and an influx of immigrants with less than a high school education. The decline in unionization also appears to have contributed to a widening wage gap between more- and less-educated workers.

Shifts in relative labor demand against the less-skilled are generally viewed as the key to understanding rising wage differentials. In fact, for many years the industrial and occupational distribution of U.S. employment shifted in favor of college graduates relative to non-college workers and in favor of women relative to men. Employment fell in goods-producing sectors that employ many blue-collar males and expanded in professional, medical, and business service sectors that employ many college graduates and in service industries that hire relatively many women. The loss of high-wage, blue-collar jobs in goods-producing sectors may account for as much as one-quarter to one-third of the increase in the college/high school wage differential for males during the 1980s (Blackburn, Bloom, and Freeman, 1990; Bound and Johnson, 1992). One should not, however, exaggerate the role played by the shift in employment from goods to services. Most of the change in the job structure occurred within detailed industries, where firms increased their usage of more-educated workers relative to less-educated workers. These changes largely reflect changes in technology and the organization of work.

The increased internationalization of the U.S. economy has also contributed to changes in labor market conditions for more- and less-skilled workers. In the 1980s, trade imbalances augmented the nation's implicit supply of less-educated workers, particularly those with less than a high school education (Borjas, Freeman, and Katz, 1992). Many production and routine clerical tasks can be more

easily transferred abroad than in the past. But one also should not overstate the role played by globalization. The increased implicit supply of less-educated workers arising from trade deficits perhaps accounts for as much as 10 to 15 percent of the rise in the college/high school wage differential from the late 1970s to the mid-1980s. By contrast, balanced expansion of international trade in which growth in exports matches the growth of imports has had fairly neutral effects on relative labor demand.

Probably the most critical factor raising demand for more skilled workers relative to less skilled workers is technological change that favors skills. In the 1980s, the increased use of microcomputers and computer-based technologies shifted demand toward the more-educated. In manufacturing, increases in the relative employment of more-educated workers were positively correlated with investment in computer technologies and R&D intensity (Berman, Bound, and Griliches, 1994). A substantial wage premium for workers who use computers on their jobs explains a substantial part of increases in the college wage premium (Krueger, 1993). Whether because of computerization or other causes, the pace of within-sector relative demand shifts favoring more-skilled workers accelerated in the 1980s (Berman, Bound, and Griliches, 1994; Katz and Murphy, 1992).

But demand shifts are not the whole story. If changes in demand were all that drove wage differentials between more and less educated workers, those differentials would have risen in the 1970s. In that decade, as in the 1980s, relative demand shifted toward college graduates against less educated workers (though there was no trade deficit in the 1970s), but educational differentials actually fell in the 1970s.

One reason for the difference in the trend in wage differentials between the 1970s and the 1980s is found on the supply side of the market. In the 1970s the relative supply of college graduates grew rapidly, the result of the baby-boom cohorts who enrolled in college in the late 1960s and early 1970s in response to high rewards to college-going and fear of being drafted for the Vietnam War. The growth of supply overwhelmed the increase in demand for more educated workers, and the returns to college fell. In the 1980s, by contrast, the growth of the relative supply of graduates

diminished, due to baby-bust cohorts and the lower return to college-going of the 1970s. Katz and Murphy (1992) estimate that the growth of the relative supply of "college-equivalent" to "high-school equivalent" workers declined from a 5 percent annual rate from 1971 to 1979 to a 2.5 percent annual rate from 1979 to 1987.

Immigration into the United States in the 1980s also potentially contributed to rising inequality by bringing many less educated workers into the labor market. The skill distribution of new immigrants to the United States in the 1980s was bimodal. Many immigrant workers came with college degrees. But many from developing countries came with little formal schooling, which may have adversely affected the market for native-born Americans with limited schooling, those who failed to graduate from high school (Borjas, Freeman, and Katz, 1992). Immigration did not have a major effect on overall changes in the wage structure but it probably added a small increment to the poor outcomes for non-immigrant Americans without high school degrees.

In sum, sizeable and accelerated demand shifts favoring the more-educated and reduced growth in the relative supply of the more-educated combined to increase wage inequality in the 1980s. The massive college-education-wage premium of the 1980s and early 1990s has contributed to a sharp increase in college enrollment rates in recent years despite sharply rising tuition costs. This will accelerate the growth in the relative supply of college graduates in the future, but relative demand shifts against the less-educated are likely to continue at a rapid rate.

Even in the United States, where market forces have great leeway to determine wages, institutional factors also played a role in raising inequality. A major institutional factor that affected the U.S. wage structure is the decline of unionism. Consider, for example, what happened to young blue collar men in the 1980s. The proportion who were in unions fell by some 15 percentage points while the percentage of young white collar men in unions was roughly constant (and low). Thus 15% of the less skilled lost the 20-25% wage advantage associated with unionism, the lower dispersion of wages found in union work places, and the greater provision of pensions and other fringe benefits under unionism. Some researchers estimate that by itself the precipitous 1980s drop in the union share of

the work force explains one-fifth of the rise in wage differentials or overall dispersion among men (Blackburn, Bloom, and Freeman, 1990; Freeman, 1993; Card, 1992).

Strong shifts in relative labor demand favoring the more-skilled have created pressures towards rising skill differentials and wage inequality in all advanced industrial countries. During the 1980s, the countries with the most decentralized wage-setting systems and least structured pathways from school-to-work for non-college individuals -- the United States and the United Kingdom -- had exceptionally large increases in wage inequality and wage differentials by skill. Most other developed countries had only moderate or slight increases in wage inequality (Freeman and Katz, 1993).

Two broad types of national strategies were associated with little increase in skill differentials and overall wage inequality in the 1980s. The first is the European model of greater institutional role in the wage setting process through increases in minimum wages and extensions of the terms of collective bargaining agreements to firms not directly involved in such agreements. Strategies of this type succeeded in the early 1980s in preventing the wage structures from widening by much in Italy and France. But these policies do not directly deal with changing demand for skills and can run into serious economic difficulties over the long run. Policies that limit market wage adjustments without directly addressing changed market conditions can prevent wage inequality from increasing, but risk stagnant employment growth, persistent unemployment for young workers (as in France), and/or a shift of resources to an underground economy to avoid wage regulations (as in Italy).

The second national strategy combines some institutional wage interventions with education and training systems that invest heavily in non-college workers. Germany and Japan are exemplars in training. German and Japanese firms appear to treat college-educated and non-college workers as much closer substitutes in production than do U.S. or British firms, reducing the effect of similar technological changes on relative skill demand and lowering pressure for wage structure changes in these countries compared to the United States.

But no advanced industrial nation has been able to generate all three of the following outcomes over the last fifteen years: (1) prevented rising wage inequality, (2) improved the real wages

of less-educated workers who remain employed, and (3) avoided sharp increases in unemployment. Nevertheless, a lesson from the differences in national experiences appears to be that policies to buffer the earnings of the less educated either by tax incentives or institutional wage-setting seem to work best when accompanied by policies that augment their skills as well. Systematic policies to make work pay combined with better defined pathways from school-to-work and more investment in the skills of non-college graduates may have the potential for improving both the wage and employment prospects of those without college degrees.

HOW LABOR MARKET CHANGES HAVE AFFECTED THE DISADVANTAGED

The deteriorating economic position of young Americans from disadvantaged backgrounds is due in part to the massive changes in the U.S. and global economy that have worsened the prospects for less-educated and less-skilled workers in the labor market. The days when high school dropouts or even high school graduates could expect to move directly into good-paying factory jobs for life are over. Labor market prospects depend much more on problem solving skills and on one's ability to directly work with customers in the expanding service economy.

These labor market shifts have had a particularly adverse effect on disadvantaged young males. The real wages and employment rates of young, less-educated males have fallen dramatically over the past quarter-century. This deterioration has been true for white and Hispanic males, but it has been even worse among black males. It has shown up in terms of both increased unemployment and decreased labor force participation. The nonemployment rate for 20-to-24 year old nonwhite males increased from 22 percent in 1964 to 42 percent in 1992. Much of this decline involves persistent joblessness--individuals are essentially jobless 52 weeks out of the year. We have a growing class of persistently non-employed individuals.

The shift in relative labor demand against blue-collar work and against less-educated workers has disproportionately affected young disadvantaged males. Slow economic growth and weak labor markets (relative to those of the 1950s and 1960s) throughout much of the last twenty years have

further limited opportunities both in the entry-level positions and for upward occupational mobility for disadvantaged young workers. Those in the inner city have been further hampered by a shift in employment opportunities into the suburbs.

Economic changes (especially labor demand shifts away from manufacturing and generally weak labor markets) may have started the downward cycle for disadvantaged youth, but the resultant joblessness has in turn contributed to social changes in urban communities (increases in crime, violence, and drug abuse; the lack of "middle class" role models; and breakdowns in the traditional family) that now make it very difficult to deal with the labor market problems in inner cities. This problem is not unique to U.S. urban areas. Persistent joblessness associated with industrial decline in the North of England appears to be connected to increased crime, drug use, and violence and a rapidly expanding "underclass" in formerly stable working class areas. Similar phenomena have been observed in high unemployment parts of southern Spain and Italy.

A stronger economy, rapid private sector employment growth, and tighter labor markets are a necessary condition for improving job prospects for young black men and other disadvantaged groups in America's inner cities, but the extent of the problems and the experience of the boom of the late 1980s suggest economic growth by itself unassisted by policies designed to specifically deal with the problems of high poverty areas may not be sufficient to reverse recent trends (Blank and Card, 1993; Cutler and Katz, 1991). Extremely tight labor markets in the late 1980s in places such as Boston and New Jersey temporarily improved employment prospects for disadvantaged workers, but did not make a substantial dent into reversing trends towards increasing violence, neighborhood disintegration, and persistent poverty. Economic reversal in Northeast at the start of the 1990s reinvigorated a vicious downward trajectory.

Adverse economic shocks have disrupted the family and community institutions that have traditionally enabled disadvantaged youth to respond to improvements in legitimate economic activities. Youths in areas of concentrated poverty lack information about job market opportunities and lack networks through which they can gain referrals to an employer from someone trusted by the

that employer. The problem of missing networks is especially important for young black males given the rising fraction of this group with criminal records. Incarceration and probation appear to have long-term adverse effects on the employment of young men (Freeman, 1991). Even those young black males without criminal records are further disadvantaged by the rising prevalence of criminal involvement since employers appear more reluctant to give them a chance (Kirschenman and Neckerman, 1991).

IMPROVING THE LABOR MARKET PROSPECTS FACED BY THE DISADVANTAGED

Besides a strong macroeconomy, sound policies of investments in communities, education, and training are also needed to improve economic and social conditions in high poverty areas. The Administration has started this process with the Empowerment Zone initiative, the Youth Fair Chance initiative, and an expansion of the Job Corps. Furthermore, broader policies concerning life-long learning such as the school-to-work initiative, reform of student loans, National Service, the comprehensive worker adjustment program, and one-stop career centers can potentially play an important role in improving labor market prospects for disadvantaged individuals. The School-to-Work Opportunities Act, by developing a national framework for the development of a School-to-Work Opportunities system in every State to provide our non-college-bound youth with the academic and technical skills needed to obtain well-paying jobs, is an especially important initiative for improving the prospects of disadvantaged youth. The continuing shift of labor demand against the less-skilled means that opportunities for the disadvantaged to improve their skills are crucial to improving their labor market prospects.

If progress can be made to reduce persistent joblessness, other social problems will be much easier to handle. In designing policies aimed at communities with concentrated poverty, I would suggest that we build upon lessons learned from research in the following areas:

1. **Targeting programs directly on high-poverty areas.** Government programs aimed at the poor typically are spread across the entire country, with no special targeting on areas of concentrated poverty. However, it is possible to use Census tract data to specifically target funds to high-poverty urban neighborhoods and rural areas. The new empowerment zone legislation does this, as does DOL's Youth Fair Chance program. The importance of neighborhood spillover effects and peer influences strongly suggest that one may receive a greater "bang for the buck" by using concentrated investments that affect entire peer groups and have the possibility of really changing community norms towards work and family.

2. **The effectiveness of job training for adults.** Random assignment evaluations of welfare-to-work programs and JTPA suggest that moderately intensive job training programs can have positive earnings impacts on adult men and women. The net impacts on earnings of these programs are statistically significant but modest. This suggests that job training should be part of an overall strategy for fighting poverty, but needs to be combined with other interventions to make work pay if we hope to boost individuals out of poverty.

3. **The difficulty of effectively serving youth and the need for broad and intensive services.** Random assignment evaluations of youth training programs have often been disappointing, suggesting that it is very difficult to turn around the lives of disadvantaged youth. It is possible that community-wide interventions--such as empowerment zones, Youth Fair Chance--could affect community values and peer pressure, and thus have a much larger impact on youth than typical job training programs that attempt to affect one youth at a time. Experiences with innovative programs suggest that intensive programs with broad ranges of services are most effective for youth. The youth program that appears to have the strongest positive effects, the Job Corps, is an intensive residential program that changes the youth's

environment and provides basic skills training, occupational training, work experience, social skills training, and job placement services.

4. **The importance of community-wide values regarding work and family.** The recently expanded Earned Income Tax Credit and the Administration's proposed Health Security Plan should go a long way towards making work pay. The Administration's dramatic expansion of the tax credit will increase the value of the credit to 15 million working families with children. We need to find complementary ways to boost the returns of working so as to tilt the trade-off between working and not working for disadvantaged young males towards work.

Furthermore, to develop policies to reduce inner-city poverty, we must come to grips with incentives for crime relative to the incentives for legitimate work. Given the extremely high costs of the crime (including the costs of imprisonment, the costs of operating the criminal justice system, the loss of potentially productive citizens, the costs of crime to victims), policies that make crime less attractive and legitimate work more rewarding for disadvantaged youths are likely to have a large social payoff. These include policies to improve the labor market skills of the disadvantaged, law enforcement policies, and those that deal with the rehabilitation of first-time offenders.

Of course welfare reform is another important component of the agenda. I defer to my colleague from the Department of Health and Human Services, Assistant Secretary Bane, for a detailed analysis of the principles behind the Administration's welfare reform effort. But let me quickly reemphasize a couple of points. A crucial element is that work must pay so that those moving off welfare are rewarded for their efforts. Second, the labor market returns to education and training have risen to extremely high levels, and many forces of economic change are working to reinforce these trends. Training and job search assistance also appear to payoff for welfare recipients. Thus access to education and training opportunities and employment services is a crucial part of refocusing the welfare system on work and jobs.

CONCLUSION

Mr. Chairman, I would like to thank you for providing me with this opportunity to discuss the labor market problems faced by disadvantaged Americans and especially those residing in areas of concentrated poverty. One can interpret the important role played by community values towards work, peer influences, and neighborhood institutions to the prospects for those in distressed communities in either a pessimistic or an optimistic manner. The pessimistic interpretation is that while stronger macroeconomic performance improves the situation in distressed communities, changes in aggregate economic conditions by themselves do not appear to be able to fully reverse the current cycle of poverty and deprivation. The optimistic interpretation is that we may greatly underestimate the effectiveness of policies that make work pay, change attitudes towards work, and improve skills and labor market connections through our individualistic approach to policy evaluation. Policy resources concentrated in distressed areas that affect peers and family members and systemic changes that alter neighborhood institutions and community values may have large multiplier effects working through peer, family, and neighborhood spillovers that lead to much larger impacts than one might predict from standard approaches to program evaluation. I look forward to continuing our dialogue on how to design a comprehensive strategy to alleviate the labor market problems faced by disadvantaged and low-skilled individuals.

References

Berman, Eli, John Bound, and Zvi Griliches. "Changes in the Demand for Skilled Labor within U.S. Manufacturing Industries: Evidence from the Annual Survey of Manufacturing." Quarterly Journal of Economics, forthcoming 1994.

Blackburn, McKinley, David Bloom, and Richard Freeman. "The Declining Position of Less-Skilled American Males." In G. Burtless, ed., A Future of Lousy Jobs?. Washington D.C.: The Brookings Institution, 1990, 31-67.

Borjas, George, Richard Freeman, and Lawrence Katz. "On the Labor Market Effects of Immigration and Trade." In G. Borjas and R. Freeman, eds., Immigration and the Work Force. Chicago: University of Chicago and NBER, 1992, 213-44.

Bound, John and George Johnson. "Changes in the Structure of Wages in the 1980s: An Evaluation of Alternative Explanations." American Economic Review 82 (June 1992): 371-92.

Blank, Rebecca and David Card. "Poverty, Income Distribution, and Growth: Are They Still Connected?" Paper for Brookings Panel on Economic Activity, September 1993.

Card, David. "The Effect of Unions on the Distribution of Wages: Redistribution or Relabelling?" NBER Working Paper No. 4195, October 1992.

Cutler, David M. and Lawrence F. Katz. "Macroeconomic Performance and the Disadvantaged." Brookings Papers on Economic Activity, 1991:2.

Freeman, Richard B. "Crime and the Employment of Disadvantaged Youths." NBER Working Paper No. 3875, October 1991.

Freeman, Richard B. "How Much Has De-Unionization Contributed to the Rise in Male Earnings Inequality?" in Sheldon Danziger and Peter Gottschalk (eds) Uneven Tides: Rising Inequality in America. New York: Russell Sage Foundation, 1993.

Freeman, Richard B. and Lawrence F. Katz. "Rising Wage Inequality: The United States vs. Other Advanced Countries." In R. Freeman, ed., Working Under Different Rules. Russell Sage Foundation, forthcoming 1993.

Katz, Lawrence F. and Kevin M. Murphy. "Changes in Relative Wages, 1963-1987: Supply and Demand Factors." Quarterly Journal of Economics 107 (February 1992): 35-78.

Kirschenman, Joleen and Kathryn Neckerman. "We'd Love to Hire The, But ...: The Meaning of Race for Employers." In C. Jencks and P. Peterson, The Urban Underclass. Washington, DC: The Brookings Institution, 1991.

Krueger, Alan B. "How Computers Have Changed the Wage Structure? Evidence from Micro Data." Quarterly Journal of Economics (February 1993): 33-60.

Levy, Frank and Richard Murnane, "U.S. Earnings Levels and Earnings Inequality: A Review of Recent Trends and Proposed Explanations." Journal of Economic Literature, September 1992.

Murphy, Kevin M. and Finis Welch. "The Structure of Wages." Quarterly Journal of Economics 107 (February 1992): 285-326.

Chairman FORD. There was an article, Madam Secretary, in this morning's Washington Post, a report on the new study completed by the Southern Regional Project of infant mortality.

The study reveals two interesting findings. First, young mothers and pregnant women in the South who are substance abusers say that their principal reason for not seeking help is fear that they will lose their children. There were a couple of other reasons mentioned, among them shame and depression.

Second, the stereotype of the substance abusing pregnant woman as an urban, African American teenager is incorrect, at least in the South. Instead, the typical substance abusing southern woman is 31, white, divorced or never married and has 2 or 3 children. She smokes cigarettes and is addicted to alcohol and at least one other drug.

As the study stated, the picture of substance abusing pregnant women doesn't seem to fit the stereotype. In what other ways are poverty and disadvantage different in the South? What can be done to encourage these mothers to address their substance abuse problem?

Ms. BANE. That is a real hard problem. I haven't seen the study, and I will look forward to reading it in detail.

The statement that they hesitate to seek substance abuse treatment because they are afraid their children might be taken away, I suppose, is one of the worst indictments of the child welfare system that one can imagine. And I think that is why the family preservation/family support emphasis, not just the program——

Chairman FORD. Where are you in implementing family preservation and child welfare legislation that we passed last year? The next question: Can family preservation respond to some of these problems?

Ms. BANE. We will have funding guidance out to the States and to the communities, I think, within the next couple of weeks. We have been working very hard on that. We, of course, worked over the fall, Mr. Chairman, with a variety of community groups, States, recipients, and people providing family support not only to get them to help us understand how to shape the funding guidance in the most effective way, but also to help them understand the thrust of family preservation and family support. And I do think there are real opportunities in States and communities to use family preservation and support programs as a way to help families keep their children in a situation where the family itself is receiving the help and the services that it needs, including substance abuse services. So, I think the family preservation/family support emphasis will provide a tool to help get at this very troubling issue.

Chairman FORD. I could not quite hear your response—you do think it can respond to some of the problems that I have just talked about from the article this morning in the Washington Post?

Ms. BANE. I do think it can. I think it is not going to be the silver bullet because these are very hard problems, but I think it can be responsive to these problems.

Chairman FORD. Based on the new research, one-third of women who receive welfare have little connection to the labor force and have long stayed on the welfare rolls. Sixty percent of these women

are African American; however, when you take into account skill and educational levels, race disappears as a factor.

What do you think are the underlying reasons why so many African American women on welfare lack the skill and education, one, that is needed and, two, why are they disproportionately out of place with other race groups?

Ms. BANE. I think it has to do with the very topic that this hearing is dealing with today, Mr. Chairman. These communities tend to be disproportionately African-American and other minorities, the kinds of communities in which there is a cycle of lack of work opportunities, both for the men and for the women, lack of educational opportunities, and lack of opportunities to develop skills. These factors interact with too-early family formation, which tends to keep people out of the——

Chairman FORD. Are these barriers that keep them out of the labor force or labor market?

Ms. BANE. I think that what keeps them out of the labor force is indeed a combination of lack of labor market opportunities in terms of jobs, and lack of skills on their part, interacting with dropping out of school and early family formation. So I think all of those things fit together and need to be addressed as part of our comprehensive welfare reform and community development initiative.

I also think that one of the major things we are going to want to do in welfare reform is try to identify and provide services early to folks who lack skills, who form their families too early, because after they have been on the welfare rolls for a long time, it becomes harder and harder to provide the work experience and skill development that they need to support themselves.

Chairman FORD. We are talking about the welfare population, and we also mention people who are living in poverty, and I guess now we are referring to violence and crime. But I don't think all of that stigma is justified just on the welfare population, because a vast majority of the welfare population are law abiding, decent citizens and certainly they shouldn't have any type of stigma attached so that they cannot share in certain other elements of our communities.

Ms. BANE. Absolutely.

Chairman FORD. I find it true outside of the welfare population in my hometown, that unemployment and crime still have a very close relationship, and people who are not on welfare, people who have not sought it or were denied it or whatever the case might be and are not receiving unemployment compensation benefits, really are not receiving any type of benefits. I mean, there are a lot of young, innocent people that are hanging out, not just on the street corners but within the communities, who feel that there is a dead end. And, they are not in the welfare population. They are probably poorer than the welfare population itself. And they don't seem to be convinced that any opportunity exists or that anyone is talking about helping them, because oftentimes we are talking about social programs that wouldn't necessarily include them. And when we are talking about poverty, we are talking about the 14.5 percent, or 37 million Americans who live below the poverty

thresholds. There is a larger population, than just the welfare population that we should be addressing.

Ms. BANE. That is absolutely right. There are some young people that you are talking about who are living in families that receive welfare though they may not be receiving welfare themselves.

But you are quite right to say that the problems are much larger than those of the welfare system, and I am going to defer to Mr. Katz here to talk about Labor Department programs. Although I have been tending to focus on welfare reform, because that is what I work on mostly——

Chairman FORD. I understand.

Ms. BANE. I think the school-to-work initiative that the Department of Education and the Department of Labor are working together on is really one of the most important things that we can do because it has the potential to provide young people in these very distressed communities with some of the opportunities that you are talking about that are so important.

Chairman FORD. It is difficult to find case managers in most areas who are very much abreast of what is going on in this population of poor people, and it is difficult for them to address many of the problems and even those who would like to address these problems find it difficult to do so with their superiors.

Once you are on welfare in these Health and Human Services local or State offices I am speaking of, Madam Secretary, it is difficult for them to be creative. It is difficult for them to respond with innovative plans, other than the means-tested part of the application. The time and the focus is spent there. I am not being critical of that, but if we could give that much attention to being innovative with these case managers, that would certainly help the experts who come to this committee to testify.

All of the studies and the trends that we are seeing, and all the things in the media outlet, focus on another perspective that we haven't moved close enough to these problems. We are talking about it here in our Nation's capital and we have seen all of the studies in the past and I am sure that most of them are right on target. But we haven't moved close enough to these problems that exist, not only in the welfare population but in the poverty population of this country.

Ms. BANE. I couldn't agree with you more, and, again, one of the things I think we will all have to struggle with as we think about welfare reform and other reforms is indeed how to change that emphasis. I have been in any number of welfare offices and sat through any number of eligibility interviews. I am always struck by the extent to which the interviews focus on whether you have your Social Security card, whether you have brought the birth certificate for your child, precisely who lives where, and whether you have documentation. It is only in the 5 minutes at the end of the interview, if there is time, when the eligibility worker says, oh, by the way, do you know we have a JOBS program, and you might want to be thinking about it.

I think we need to switch that emphasis and especially in the kinds of communities that you are concerned with here today, Mr. Chairman, so that the first thing a person encounters when walking into a welfare office is the question of how can we help you deal

with your problems and help you start moving into the labor market. That is going to take training. It may take a different kind of person being a case manager, and it is certainly going to require trying to simplify and automate the job so that they have a little bit of time to do things.

Chairman FORD. One final statement, Dr. Katz, I didn't know whether you wanted to respond to the question earlier, but what I have seen in my area over the last 6 to 8 weeks, which once again is one of the highest unemployment pockets of poverty, is a drug problem that creates a lot of violence and crime.

I am not convinced that the 16, 17, and 18-year-old kids who are living in the impoverished areas of public housing units are flying the planes from Colombia. I don't believe that they have the money to buy all the kilograms of cocaine or crack that come into our communities. The drug man is dropping it off. It is the only kind of enterprise going on in most of these areas that we are talking about. And most of these young kids want to be shown that work pays. We have to show them that the drug man doesn't have the only job in town, that there are other jobs.

In poverty stricken African American communities, it is true that mom and pop stores with owners who lived in the communities are no longer there. They are not living there nor is the mom and pop store there. The same is true for the guy who owned a pharmacy. He lived on the same block. That is all gone. The only thing that they know about now is the drug man and selling drugs.

Now, we might not like to talk about it in this vein, but it is a fact. There is no other enterprising economic opportunity in the community.

I was in one of the largest public housing units and projects anywhere in the country in my district yesterday. And in talking with these young people, I see it. We have not lost these communities, but we are standing by prepared to lose them and let the drug man take control of them. These innocent people want to get out of the community and out of this poverty situation.

I want to continue to work with you as we craft this welfare reform package. I want to commend you and all of the members of the task force, chaired by David Ellwood.

Dr. Katz, I know you might want to respond to some of that.

Mr. KATZ. I would like to say a couple of things on the issue of the opportunities in these areas and the legitimate labor market versus crime and how realistic your assessment seems to be.

One of the most shocking facts I have uncovered in looking at this was when my colleague, Richard Freeman, at Harvard and I did a survey of 1,200 youth in inner city Boston and Roxbury, Dorchester, and other neighborhoods in 1989, late 1988, early 1989 when the unemployment rate was about 3 percent in Boston and people were talking about the Massachusetts miracle. He had also done a survey a decade earlier when the unemployment rate was much higher and labor market conditions looked much worse in Boston.

One of the things that was asked in both surveys, and this is a perception issue—we don't know what the reality is but this does tell you the perception of these kids—was whether you think you

could make more on the streets or make more in a regular, legitimate job.

The fraction who reported they thought they could make more on the streets went from in the 30 percent range to over 60 percent despite the stronger labor market overall in the area, which clearly says, whatever the reality, the perception is the only real way to make it financially, what they are seeing, is in the drug trade and in illegal activities.

And I think that we have to, do two things. One is make much more visible and much more available pathways into the legitimate labor market starting early in the schools and then with a school-to-work transition system that really connects people to employment. We must also rebuild some of those linkages that have been broken down and move people into opportunities whether they are in the central city or other parts of the cities.

And it is clear that some moving to opportunity programs such as the Gatreaux program in Chicago, in which you take the same population of individuals, you move them out to another area where there is more opportunity, and you do see the results; much higher employment rates, much higher rates of finishing school.

It is not the people, you know. It is clearly the environment that matters. We have real evidence and we have got to both have opportunities for moving out and have the type of system to change the incentives for legitimate opportunities.

Chairman FORD. I see the same trends with the people who live in the inner city. You can find the inner city residents, young parents, even the teenagers. If you show me meaningful wages coming into the household, I can show you a street that is not inflicted with crime or where crime is not being committed by family members. I can show you family stability in those families with jobs.

In order to move out of that environment, there must be gainful employment. Those who choose to stay within, might become victims of crime. We all are afraid of that in America today. When you look at the breakdown of the academic credentials or the academic environment of a community and the lack of skills, especially in certain areas in my hometown, Dr. Katz, there are absolutely zero job opportunities. Even the fast food franchises are not located in those areas. Even if they want to flip the hamburgers, they have to go on the other side of town. Public transportation is not readily available in certain areas because there is so much crime that people don't want to go into the areas. And a majority of the people who are trapped into this vicious cycle can't get out of it.

I am preaching to the choir, I know. I am sorry for cutting you off.

Mr. KATZ. I understand, that is perfectly fine. I agree with your sentiments. I mean, there are tremendous difficulties there and I think that, you know, one has to both improve those communities, and it is striking that there is a lot of heterogeneity. In the work I did in Boston, you find looking across very small neighborhoods large differences in the crime problems and in the social structure of communities inside Roxbury, inside south Boston, both black and white, a lot of heterogeneity that suggests some amount of job availability in those areas does make a big difference, some differences in certain people in the schools really do matter. It is not

that all neighborhoods have fallen apart. One can have development.

Chairman FORD. In our program that we announced yesterday in five of the Memphis public housing projects and one of the largest of anywhere in the country, we have invited the drug dealers to participate.

About 3 weeks ago, I went into the housing project to see how they are structured and organized. They might not have graduated from high school, but it looked to me as if they have corporate sense. If we turn this talent around and really be creative with it and give them some more skills and education, I just think that there are things these people can do to earn a living legally. The way I saw the structure set up in this particular unit with these young people, was pretty impressive to me; not that they were selling drugs, but the organization and setup.

We have announced that we are moving in because we want to present opportunities that are a little more attractive than the drugs that these innocent kids are selling. I don't mean kids who are using and abusing the drugs, I mean small kids—8, 9, and 10-year-olds—who don't know what they have in their hands. They are just dropping it off. If they can use this ability to do that, then I don't see why we can't try to pick them up and give them the proper training and skills, that are needed to move them from this cycle of drug selling, deteriorating communities, violence, and crime.

Whether it will work, we don't know. It is just getting closer to the community and really paying attention to what is going on.

Last night we had about 100 in the gymnasium in the heart of this ghetto. Mr. Levin, I didn't know I could play basketball so well. We started off really to bring them around and say, hey, we want to participate with you. We want to see what we can do to institute programs in this community. Sell something other than this pot or these drugs that you are selling.

Mr. Levin, I am sorry to take so much time.

Mr. LEVIN. Not at all. I find it depressing to play basketball against younger people.

Chairman FORD. I found it depressing, but you know, last night——

Mr. LEVIN. I still do that.

Chairman FORD. But I guess the Lord was in the blessing business last night. They gave me five shots. But one of the young men that was about 18 or 19 years old, a little larger than me, gave me the ball one-on-one—from a three point line he tried to block it and I made it anyway. I don't know how.

Mr. LEVIN. You are younger than I am.

Let me just ask you, picking up this point, both of you in your testimony talk about the labor market. In the Secretary's testimony, there are lots of startling data. One is on page two, joblessness among these young high school dropouts—this is in areas of extreme poverty—was about 80 percent in 1990. And Larry Katz on the first page, you say approximately 50 percent of out-of-school young Americans ages 16 to 24 without a high school degree are currently not employed.

Do you have any idea what those comparable figures might have been 25 years ago? Would they have been quite different?

Mr. KATZ. They would have been significantly different. I can—I think they would be about probably less than half as large. I don't have them sitting in front of me, but I know as you go across the jobless rate, at least I know from males without high school degrees, young males, it has essentially more than doubled, counting both unemployment and completely disconnected from the labor market over this period.

It is very strongly linked to education. For college graduates, there has not been much change in their jobless rate. For those with high school or less, there has just been tremendous increases as well as declines in their earnings when they are employed.

Mr. LEVIN. Well, we know you are working on this and we are working on it together. It seems to me that this—not just to me, but to all of us or most of us working on this, this is one of the conundrums, because we must link welfare with work. The question is where we find the work to which we link welfare. And the data show such an increase in unemployment, I mean, half of out-of-school young Americans without a high school degree are unemployed.

Now, there is no one-for-one equation, in any of this because the change in family structure was occurring even when the unemployment figures were lower, right?

Ms. BANE. That is correct.

Mr. LEVIN. So it isn't one-for-one but reversing it does, I think, raise the question of the significance of these figures on unemployment and of jobs and job creation.

I take it your feeling is that if there were higher job creation in American society today, the bottom line is that while it wouldn't make it easier, it would make it easier to link the welfare system with work?

Ms. BANE. A lot of these issues are, in fact, all linked together. The fact that the potential work force in some of the distressed communities is not very prepared to take jobs is part of the reason why jobs aren't there, and part of the reason they are not prepared is because they don't see the opportunities.

And so I think that you can't really identify what needs to come first, whether you need to do the training first or develop the jobs first, or try to help people understand the importance of responsible parenting and looking to the future and making those investments for themselves. I think we do have to do them all simultaneously, especially in these very distressed communities.

Mr. LEVIN. Including job creation?

Ms. BANE. Yes, I think so.

Mr. LEVIN. Well, on that sobering note, clearly our work is cut out for us. Many of our colleagues could not be here today, and I just came from back home and have to go elsewhere, but I think the significance of your testimony is such, my guess is that every office will be reading it.

The data on, for example, we referred to on unemployment and while there is no 1 for 1 causation, to put it mildly, we are talking about 1 for 10, or whatever is the right way to describe it, these

figures on unemployment are staggering and I think raise questions of the role of job creation in our resolving this dilemma.

Thank you, Mr. Chairman.

Chairman FORD. Thank you, Mr. Levin.

Madam Secretary, one thing, picking up where Mr. Levin mentioned welfare connected to a jobs program. I have been a strong supporter of the crime legislation in the Congress. I disagree with some of the capital punishment provisions in the bill, but overall everybody wants to see the Congress take some action and move right away. I support that 90 percent.

They are talking about $22 billion or actually $30 billion. If we can spend $30 billion to house the same population in certain areas, then we should connect unemployment and crime together. I would certainly help this task force in every way to support the 2-year stay on welfare and move people into the work force.

I am convinced that people on welfare who are able to work want to work and will work and we will put them to work. But I don't think that we can train and educate, similar to the JTPA, with some type of minimum wage jobs. I think we ought to look at the JTPA. If we can hire 100,000 police officers under the crime bill, which I support, let us bring 100,000 welfare recipients into the work force as well. It might be that next year we won't need an additional 100,000 police officers.

If there are in my hometown, 1,000 people who commit crimes tonight, and our jails are already crowded, we will find the space in our crowded jails for them, allocating the money from the county and State to build whatever institutions that are necessary. Let's replace welfare with work. Let's get rid of some of this poverty and this direct correlation with the violence and crime that is connected to unemployment.

So I don't want to shy away from it. And I keep saying to the task force, I would like to see us replace welfare. I want to be right there with you working out a welfare policy that will address many of the ills and the needs that are here throughout America.

When we talk about jobs, people say, well, what is the cost of that. Well, this $22 billion crime bill I think is directly related to the unemployed, the welfare population, and those who have no hope. You can respond. That is not a criticism. That is only something to consider.

Ms. BANE. We certainly look forward to continuing our conversations, Mr. Chairman, and working with you to develop the very best balance we can of the different elements in the welfare reform package, including creating jobs. We want to work very closely with you in understanding how much different things cost and what we can afford.

Chairman FORD. Because oftentimes people refer to the unemployment rate as down. For the population that we are talking about, there is no such thing as unemployment being down. Most people have fallen through the cracks. They are no longer counted in the unemployment statistics that come out of the Labor Department. The people that we are talking about are totally off the records, whether it is Department of Labor, Commerce or wherever. We are talking about a population of severe unemployment in these areas.

And if we are talking about in my State alone, a family of three receives approximately $239 per month. I don't believe women in Tennessee or any other State are having babies for the purpose of receiving welfare. I don't think a woman would go through that to receive a $69 a month increase in her welfare check. But, I do believe that for those who are able-bodied, that are ready, willing, and want to work, some type of decent work training component should be available to make the transition an easy one and move them into meaningful job opportunities; similar to what the President said just the other day. When he spoke on the West Coast with Rockwell, he talked about significant, meaningful, good paying jobs. There is nothing wrong with us as Americans wanting good paying jobs.

Again, let me thank you very much, Assistant Secretary Bane, and Dr. Katz.

Ms. BANE. Thank you, Mr. Chairman.

Chairman FORD. Thank you. I would like to call the second panel up. Joel Handler, professor of the school of law at the University of California, Los Angeles. He is chairman of the panel on High-Risk Youth; Dr. Thomas Cook, professor of sociology, Northwestern University; Dr. John Hagan, professor of sociology and law, school of law at the University of Toronto; Dr. Lloyd Street, professor at the college of human ecology, Cornell University.

I would like to welcome all of you before the subcommittee today. I appreciate your patience in waiting. Sorry it took us a little while to get to you, but thank you very much for appearing before the subcommittee, and we certainly look forward to hearing your testimony. There might be questions later on that this subcommittee or the chairman would like to submit to you in writing to have you respond in some of the areas that we are going be undertaking in the next 3 to 4 months here in the Congress. But at this time, I would recognize you in the way I have called you on the panel.

Mr. Handler.

STATEMENT OF JOEL F. HANDLER, J.D., PROFESSOR, SCHOOL OF LAW, UNIVERSITY OF CALIFORNIA, LOS ANGELES, CALIF.; AND CHAIRMAN, PANEL ON HIGH-RISK YOUTH

Mr. HANDLER. Thank you very much, Mr. Chairman. We very much appreciate the opportunity to address the subcommittee. We worked long and hard on this report and we have brought copies for the subcommittee. We welcome the opportunity to express our views publicly before the committee.

The concern of the panel on High-Risk Youth was the large and increasing numbers of at-risk young people. Most research concentrated largely on why individuals engage in high-risk behavior. As we worked, the enormous power of settings in shaping adolescent lives became apparent. It also became clear that the critical settings of adolescent life had deteriorated sharply over the last 2 decades. It was these settings that became the focus of our report.

Adolescents depend on families, neighborhoods, schools, and health systems. All of these institutions are now under severe stress. As the fault lines widen, more and more young people are falling into the cracks. Institutions and systems initially designed

to help high-risk youth, such as juvenile justice and child welfare, have instead become sources of risk.

The social forces that are straining these institutions are many and complex, but they are all influenced by the relentless decline in income of families with young children. Family income is the single most important determinant of the settings in which children spend their formative years. Over the past 2 decades, the real incomes of young families have declined by almost a third. Today, almost one-quarter of families headed by a young adult had incomes below the poverty line.

Growing up in or near poverty exacts a heavy toll on children and adolescents. Adolescents from low-income families are more likely to have physical and mental health problems, to exhibit delinquent behavior, to show low academic achievement, and to drop out of school. They are less likely than their higher income contemporaries to get jobs. The numbers of poor adolescents who are unprepared for the world of adult work has grown alarmingly.

One-quarter of American children now live with only one parent, and poverty rates are almost six times higher for single-parent families than for two-parent families. Studies suggest that children of single parents are more likely to engage in high-risk behavior such as drug and alcohol use and unprotected sex, to drop out of school, and to commit suicide. Children born to adolescent mothers face the highest risk of failing to become successful adults.

The interplay of these conditions creates very different developmental opportunities for adolescents according to the income and race of their parents, the communities in which they live, and whether they live with one or both parents. Children born into poor families, living in high-risk neighborhoods, and attending poor schools, know that their opportunities are limited and significant numbers become alienated, lose hope, and fail to acquire the competencies necessary for adulthood.

How can we strengthen the institutions adolescents depend on and reduce the risks young people face?

Although it is quite true that these issues need more study, some of the problems are so acute and their effects so destructive that to delay action would needlessly endanger the future of more children. The report includes an agenda for further research and describes suggestions and directions for change in the 1990s and beyond.

First, we must address the issue of supporting families. We must keep in mind that a rising economic tide will not necessarily lift most poor families out of poverty. Both the proportion and total number of families living in poverty increased during the long period of economic expansion in the 1980s. Targeted intervention will be needed to enhance skills, provide entry-level job opportunities, and improve support services, such as child care. Income transfer programs will also need to be improved to assure families an adequate standard of living, safe housing, and access to essential services, such as health care.

Second, the crumbling infrastructure of inner city neighborhoods must be dealt with. Affordable housing and safe recreational opportunities are urgently needed. Residential segregation must be addressed by all levels of government through incentive programs

and the vigorous enforcement of fair housing laws and other civil rights laws and regulations.

Third, young people must have access to services that respond to the major threats to adolescent health—illicit drug use, cigarette and alcohol use, violence, teenage pregnancy, and emotional distress. But service programs will not be effective if they target just one particular high-risk behavior, such as drug use; they need to take a holistic approach to adolescents' life circumstances.

Fourth, there is no integrated health or mental health system in the United States. Programs and treatments are built around specific pathologies. The system is uncoordinated and access is difficult for adolescents. The response to the major threats to adolescent health—substance abuse, violence, pregnancy, and emotional distress—is inadequate.

We are encouraged by the President's initiative in health care reform, and what seems like a consensus on the need for universal coverage. However, for adolescents, insurance coverage, by itself, is not sufficient. Services must be put in place which emphasize disease prevention and health promotion. Moreover, these services must be consistent, comprehensive, and coordinated, especially preventive services.

The single most important proximate threat to the lives of inner city youth is the proliferation of firearms. The issue of guns requires urgent national attention. Measures to disarm this population must be explored.

Fifth, despite the varied and wide efforts at school reform, and the increasing use of schools for preventive health services, sex education, and so forth, these reforms, for the most part, have not addressed the problems of inner city youth. Only a few jurisdictions have addressed the politically explosive issue of inadequate school funding. School-based management and parental involvement cannot substitute for inadequate resources. There is serious question as to the impact of various choice proposals on the poorest schools in the worst neighborhoods.

Insufficient attention has been paid to the impact of instructional practices on the school performance of low-achieving students. Schools continue to use counterproductive interventions. Some schools and districts are experimenting with alternatives specifically focused on improving the achievement for at-risk children and youth, for example, heterogeneous and cooperative learning, the use of "bridging classes" rather than grade retention, and more academically oriented curricula.

We must remember that less than one-quarter of young people leaving high school will complete a 4 year college degree. There must be improved mechanisms to assist these people to prepare for and find entry-level jobs with a future.

Sixth, the report identified a number of ways in which the juvenile and criminal justice systems fail to intervene before adolescent offenders become fully enmeshed in the adult criminal justice system. We are painfully familiar with the high proportions of inner city youth, especially minorities, who have had official contact with the criminal justice system, and these contacts, in effect, mortgage an adolescent's future by jeopardizing long-term employment prospects. Particular attention should be paid to ways in which the jus-

tice system seems to exacerbate racial, ethnic, and socioeconomic variations in life chances. We recognize that the criminal justice system is overwhelmed, and is in need of considerable resources as well as reform. At the same time, we need to develop alternatives to conviction and incarceration.

Seventh, like the criminal justice system, the child welfare system is overwhelmed by rising caseloads. Adolescents seem to fare particularly poorly in the system—multiple placements and poor outcomes. But, there is little research documenting the comparative effectiveness of alternative strategies, which severely limits policy and program initiatives.

In conclusion, one cannot emphasize too strongly the harmful effects of discrimination. A single act of discrimination—be it the denial of a job opportunity or the denial of housing in a safe neighborhood—can have a powerful effect on an adolescent's life opportunities. Cumulatively, acts of discrimination create large socially and economically disenfranchised groups and blight the developmental opportunities of many American youths. Continuing efforts to abate discrimination must be made at all levels of society.

Thank you, Mr. Chairman.

Chairman FORD. Thank you very much.

Chairman FORD. Mr. Cook.

STATEMENT OF THOMAS D. COOK, PH.D., PROFESSOR OF SOCIOLOGY, PSYCHOLOGY, EDUCATION AND SOCIAL POLICY, CENTER FOR URBAN AFFAIRS AND POLICY RESEARCH, NORTHWESTERN UNIVERSITY, EVANSTON, ILL.

Mr. COOK. My remarks are about families in distressed urban areas. Most of them, as you yourself remarked before, want to leave these neighborhoods. When they are asked why, one of the reasons is crime and violence. They want to protect their child from danger and also to protect their children from becoming involved in the illegal trades and themselves becoming, therefore, in some sense, victimizers. They want to move to safer neighborhoods where they can let their kids go out in the street and not have to worry about what they are doing on the street.

They also want to move to better schools. They want schools where teachers expect a lot from students, where going on to college is seen to be a natural progression and not a special achievement, where academic standards are high but the place is fun and stimulating, where many after school programs are available and where the majority of students are well behaved.

They also, when asked, want to move to neighborhoods with different kinds of neighbors. They want to go to neighborhoods where the neighbors have connections outside to the world of work and help connect them. They want to go to places where there is support for the local institutions, be it schools, police force and the like.

The people in urban-distressed areas for the most part want to move. They want to move to neighborhoods that will socialize their children with them in the same direction they want. They see the external forces in their neighborhood as undermining what they want for their children.

The result of this is that adults in poorer neighborhoods have to parent more and better in order to achieve the same results for their children that are achieved by families in more affluent contexts.

Now, if they have to parent more and better, this is under conditions of worse resources. Let's just look at families for a minute and some of the changes that have been happening over the last 20 years to families in urban-distressed areas.

Nationally overall there is a growth in one-parent families. But the level, the number of one-parent families is greatest in the inner city. And though most of them are one-parent families with a mother over 20, there has been some recent growth in the number of one-parent families with a mother under 20.

Now, income is the main problem with being in a one-parent family. It is impossible to get child care. It is impossible to get teenagers the things that they want to buy to be socially validated by their peers, and it is stressful trying to make ends meet day by day.

When we control for income, one-parent families still have a smaller effect on such things as teenage dropout rate, sexual activity, drugs and the like, but most of the influence of being a one-parent family is carried through income.

Parenting styles are also different to some degree in the inner city. Consensus among developmentalists is that parenting is more successful if, one, the home environment is warm; two, if for adolescents in particular it is benignly controlling; and, three, there is some discussion among parent and child as to why parents are advocating what they are doing.

The opposite kinds of approaches to parenting are called authoritarian where there is much more do this, do that, and often more physical punishment associated with it or permissive patterns where the child is free to do what he or she wants to do most of the day. The growth in the inner city has been toward more permissive parents and there is a considerable amount of authoritarian parenting.

A third change in families is that even in the poorest parts of inner cities, women are working. They are working in a whole variety of different jobs and therefore are less available for supervision of their children, especially in the hours after school.

The fourth thing which is changing with families is that in the past urban populations, especially African American ones, used to depend heavily on extended families for health and support, be it a mother, a sister, an aunt, and one could always in times of trouble go and depend upon them. The evidence suggests that those informal social support systems for families are getting weaker and people are getting tired of being called upon again and again and again.

Chairman FORD. Why?

Mr. COOK. Pardon?

Chairman FORD. Why is that? What evidence do you have to show those trends?

Mr. COOK. That evidence comes from ethnographic studies that are done in major cities, I don't know of any in Memphis, in which people talk to grandmothers, talk to aunts, and find that they are

not as keen to give and haven't got the resources to give, that the literature suggests was the case in the 1970s, the famous book by Professor Stack called All Our Kin which heavily depends upon the saying that there is an alternative welfare structure for inner city black families, which is the extended family, and that they call upon it much more than white families do or other families do.

Chairman FORD. Thank you.

Mr. COOK. The fifth and sixth points may be related to drug activity, but there are a large increase in reported rates of child physical abuse. And that is associated for children with later mental health problems, indulging in risk behaviors and the like, and there has been an increase in foster care. The implications of all of this, briefly, are that single-parent families need more income.

Another implication is that all policies should facilitate family formation and maintenance. We need to support fathers and other males to stay and not encourage them to leave. Probably the best cure for poverty is to have more households with two people working or who could potentially work if there were jobs available, good jobs.

The final thing is that people do want to move and the—there is an issue of our housing policy and the difficulties of moving, particularly into suburbs, though Mr. Katz talked about the control project in Chicago which does that and the difficulties of trying to create public housing units where more of the inhabitants are stably employed in the labor force. And, as you know, right now there are experiments trying to do that in Chicago.

Thank you, Mr. Chairman.

Chairman FORD. Thank you very much.

[The prepared statement follows:]

COMMITTEE ON WAYS AND MEANS, SUBCOMMITTEE ON HUMAN RESOURCES

December 7, 1993

Statement of Professor Thomas D. Cook[1]
Center for Urban Affairs and Policy Research
Northwestern University

Americans are concerned, even alarmed, by the apparent increase in the numbers of adolescents who engage in high-risk behaviors--behaviors that compromise their health, endanger their lives, and limit their chances to achieve successful adult lives. Adolescence is a natural period of experimentation and risk taking, but some young people--whether poor middle class or rich--appear far more likely than others to adopt "risky life-styles", characterized by drug use, unprotected sexual behavior, dropping out of school, delinquency and violence. The National Academy of Sciences panel on which my colleagues and I served, started out with the goal of attempting to understand the covariation of high risk behaviors--why are certain young people more prone to "risky behaviors" than others. As Professor Handler has stated in his testimony, after our panel reviewed the research literature, we were persuaded that the phenomenon we were witnessing of increasing numbers of adolescents engaging in high risk behaviors-- could not be explained by a focus on the individual adolescent, but could only be understood by examining the environments that are shaping their lives. Those environments became the subject of our study.

It is a truism that behavior and development are the outcome of an interaction between context and person, not of context alone, and the focus on context in our report does not mean that the personal characteristics of individuals are unimportant, nor does it deny awareness that individual differences can be observed in every setting. Whatever the context, individual differences are ubiquitous, and there will always be some people who overcome adversity and thrive, even as many others do not. The decision of our panel to focus on the major settings in which young lives are formed reflects the profound influence that context has on the behavior and development of children and adolescents. It reflects, too, awareness that the elements essential for healthy and positive development--resources and supports and opportunities--are differentially distributed and differentially available among sectors of American society, generally present in more affluent settings and often absent or limited in poor and racially or ethnically separate communities. Settings are important not only for the "first chances" they provide, but also for "second chances", those opportunities to redeem past failures or inappropriate choices. Such second chances are clearly less available when settings are in disarray, limited in resources, and subject to continuing pressure toward illegitimate activities.

An appreciation of the complex relationship between context and behavior is important for this committee as it undertakes the reshaping of welfare systems. Because behaviors are developed over a lifetime in response to the environments in which children and adolescents grow up, it will be important to recognize that the environments will retain their power to influence behavior even if the incentives contained in income support programs are changed. However, it is impossible to predict the impact of that influence if massive changes in income support come about. My testimony will highlight one of the environments that our report examined--families--and will also describe the importance of community-based programs in helping adolescents and their families. My colleagues Dr. Hagan and Dr. Street will summarize our major findings regarding neighborhoods and the criminal justice system.

[1]This statement is drawn from Chapters 3 and 10 of Losing Generations, published by National Academy Press, 1993.

Family Structure

Families are the primary setting for nurturing children and their ability to succeed in this responsibility has been weakened over the last two decades by changes in their economic security and by changes in family structure that have increased the proportion of children and adolescents living with only one parent. This committee is well aware of the deterioration in income levels and financial security experienced by families with young children over the last 20 years. Between 1973 and 1990, the median income of families with children headed by a parent under age 30 dropped 32 percent when adjusted for inflation. Economic hardship--whether from low wages, sustained poverty, or unemployment--significantly diminishes the emotional well-being of parents, with direct and indirect effects on children's health and well-being (McCord, 1990; Elder, 1992). Economic hardships are linked to family disintegration and to the increase in single-parent households. Further, single parents and parents experiencing economic hardship are less likely to use the "good" parenting practices that can help children overcome the risks associated with their domestic and economic circumstances (Dornbush, 1989; Spivak and Weitzman, 1987; Dubow and Luster, 1990). It should not be surprising, then, that the most consistent and typically the most powerful, predictor of adolescent success and well-being is family income. Adolescents growing up in families experiencing economic hardship are at high risk for health and behavioral problems, for school failure and for becoming involved in criminal activities.

However, family structure also has a profound influence on the development of children and adolescents and family structure has changed dramatically over the past 20 years. Although the "married with children" household remains the dominant family structure. In all social classes, there has been significant growth in single parent households. Almost half of all marriages now end in divorce, about a quarter of all births are to unmarried women. The net result has been that about 25 percent of all children live with only one parent, usually the mother--a rate double that of 1970. Overall, about 50 percent of all children will reside in a single parent home before age 18, spending an average of 6 years with a single parent (Bumpass, 1984; Norton and Glick, 1986).

Single parent families are more likely to live in or near poverty, a fact that creates a massive set of environmental dangers for children and adolescents. Families with two wage earners have, on average, three times the family income of families with one wage earner. However, living in a single parent household carries its own risks. Even after controlling for socioeconomic status, single parent families and stepfamilies are somewhat more likely to have adolescent children exhibiting deviant behavior (smoking, early sexual activity, truancy, running away from home, contacts with police and arrests) than are two-parent families (Dornbush et al., 1985). Adolescents growing up in single-parent families are disadvantaged in a number of ways that compromise their future, and the consequences have been shown to persist over multiple generations (McLanahan, 1986). Although the strong correlation between single-parent households and poverty makes it difficult to entirely distinguish the effects of poverty form those of single parenting, studies demonstrate that growing up in a single parent household often has damaging effects regardless of income. Despite best parental efforts, the data suggest that single-parent households constitute a high risk setting for young people.

Across all social classes, giving too early autonomy to adolescents appears to have an unfortunate consequence--an increased probability that the youth will engage in riskier acts. A major part of the explanation of this higher rate of adolescent risk-taking behavior in single parent families is their propensity to permit adolescents to have early control over their own behavior. In such decision-making areas as choice of friends, choice of clothes, ways of spending money and time they must come home, permitting such early decision making by the youth alone is an understandable response by an overloaded single parent.

In a similar fashion, a national sample of American youth found that adolescents from single parent families were performing less well in school (Dornbush and Wood, 1988). These findings have been confirmed by other, large-scale surveys (Hauser and Phang, 1992).

There are many implications of these findings for policy development. I would note only three of the most obvious. First, single parent families need more income. Second, income support, housing and other assistance programs should not penalize family formation. For example, it may be difficult for intact families to obtain subsidized housing since families with two wage-earners will almost inevitably be denied public housing because of the more urgent needs of single parent families. Third, the forces that shape decisions about marriage, divorce and child-bearing are complex, ill understood, and only marginally susceptible to influence by public policy. Therefore it is important to consider how the community through schools, youth programs, family services--can help single parents cope more effectively with the difficult challenges they face in parenting. In considering policies designed to "force" parents to marry or remain together, concern must also be given to the very great dangers of creating conditions that may generate violence against children. Child abuse and neglect are strongly associated with negative adolescent outcomes. Adolescents who were physically abused or neglected as children are twice as likely to be arrested for a violent offense (Widom, 1989). Victims of child sexual abuse often display fear, immaturity and neurotic behavior, as well as higher levels of aggression and anti-social behavior (Finkelhor, 1991).

Community Based Services and Interventions

The message of our report is that many of the major institutions, or settings, in which adolescents are growing up are unable to provide the guidance and support young people need for positive development. Policies that might change high-risk settings into ones that promote adolescent development have been neglected, and existing policies often diminish the viability of families and neighborhoods. Our report argues the urgent need for increased support of the major settings of adolescent life as well as very basic changes within these institutions. The primary institutions that serve youth--health, schools, employment training--are crucial and we must begin with helping them respond more effectively to contemporary adolescent needs. Effective responses will involve pushing the boundaries of these systems, encouraging collaboration between them and reducing the number of adolescents whose specialized problems cannot be met through primary institutions.

Even if such reforms are successful, however, some adolescents will continue to experience problems that transcend the capacities of primary institutions. For these adolescents and their families, specialized service programs may fill the gaps or compensate for failures in major life settings. There are numerous examples of locally designed and operated programs through which communities are beginning to address the risks that face many of America's adolescents. They aim at supporting families and strengthening communities. The commonality among such efforts is that they seek to enable and empower parents and community residents to increase their capabilities to nurture young people. The innovative strategies, and the experience of the local practitioners that have created them, may provide models for national programs and policies in the years ahead. However, it is important to recognize two realities. First, specialized programs cannot substitute for improving the basic institutions of adolescent life. Second, much better research is needed to evaluate the short and long-term effects of such programs before they written into national policy. Because there is so little good research on community-based programs, our panel attempted to identify the critical elements that distinguish programs that appear to be effective, and to relate those findings to other research based findings.

Key Elements of Comprehensive Service

Researchers and practitioners agree that adolescents (as well as families) in high risk settings require comprehensive services. although there is no standard definition of comprehensive, it generally means that rather than offering a single type of service or adopting a single categorical program goal (e.g. substance abuse prevention, school retention, family counseling) programs should offer a range of services and have multiple goals. This perspective reflects the well-documented finding that adolescents who engage in one type of problem behavior often concurrently engage in others. It suggests that, to the extent possible, all needed services should be offered in a single site or at least under a single

administrative structure. The goal is to transcend categorical labels, organizations and funding sources to bring together an appropriate package of services that is easily accessible to young people and their families.

Current national policies are not supportive of comprehensive service: almost all federal and state funding is allocated by "problem" to designated agencies responsible for designated services (Dryfoos, 1990). The best service providers must then attempt to meld these funding streams together to meet the real needs of young people and their families. However, an unconscionable proportion of scarce human and financial resources are siphoned off in the process of meeting the administrative and reporting requirements of categorical problems while attempting to service the multiple needs of real people. In an era of scarce resources, Congress could make a major contribution to increasing the effectiveness of service delivery programs by showing greater flexibility in defining program requirements and giving state and local officials greater authority to assess and meeting local needs.

In our review of model local programs, we identified four cross-cutting program strategies that appear particularly important for adolescents from high-risk settings: (1) sustained adult support, nurturance and guidance; (2) opportunities to become involved in the community through structured community learning and service experiences; (3) opportunities to engage in structured experiences, including cooperative activities with peers, aimed at learning how to cope productively with the stress and pressures emanating from high-risk settings; and (4) demonstrations of respect and trust from adults.

Sustained Adult Support

Perhaps the most serious risk facing adolescents in high-risk settings is isolation from the nurturance, safety,and guidance that comes from sustained relationships with adults. Parents are the best source of support, but for many adolescents, parents are not positively involved in their lives--some are absent or abusive. In response, mentoring and case management are becoming an essential element of most successful programs.

Community Learning and Service

One of the realities of daily life for adolescents from high-risk settings is impoverished neighborhoods--neighborhoods that lack recreational and employment opportunities, safety, and many role models of successful adults. Such adolescents often develop feelings of alienation and hopelessness; they do not develop feelings of caring or attachment to their neighborhoods. In response to this situation , many programs have begun to incorporate community learning and service into their array of services. Studies indicate that youth with structured community experiences and service show greater increases in problem-solving skills, personal and social responsibility and earnings, and in accepting attitudes toward those different from themselves.

Developing Emotional Strengths and Life Skills

Young people from high-risk settings often need special services to confront the emotional pain and feelings of hopelessness that can interfere with positive development. An emerging body of research indicates that various forms of peer counseling and instruction, when conducted with adult guidance, can serve as supports for coping with the influences of high-risk settings. In general, these programs seek to help adolescents develop an overall sense of well-being, flexibility in dealing with stress, and a repertoire of behavioral skills needed to solve both interpersonal problems and problems of daily living.

Demonstrating Trust and Respect for Adolescents

Explicit in good practice models is the recognition that young people, like all people, need to feel a sense of comfort and need to be offered a sense of autonomy in order to profit frm program teachings and experiences. The best community programs encompass principles of trust and respect for young people. Consistent demonstrations of caring and high

expectations for young people are a prerequisite.

Adolescents from high risk settings need a comprehensive set of developmental opportunities and experiences that, too often, are not an integral part of their lives. That is, adolescents need opportunities to confront and address the difficult realities existing in their lives. They need opportunities to form sustained and positive relationships with adults and peers. They need opportunities to succeed and to be rewarded for success. They need opportunities to contribute, to feel in control, and to demonstrate competencies. For a great many adolescents at highest risk for failing the transition to a successful adult life, community based programs are an essential lifeline and should be supported.

Conclusion

Environments are socially constructed and in a constant state of evolution, which means that the destructive effects described in our need not persist. Influencing change in a positive direction is often difficult, however, because understanding is always limited and everyone--policy makers, researchers, the public--is invested in current institutional practices--in health care, housing, education, criminal justice, child welfare and employment. But the Ways and Means Committee and the Administration are entering a period of reexamination and reform regarding many basic social institutions. This provides an opportunity to put the needs of children and families in the forefront as we consider the types of institutions that will best serve our country into the next century.

References

Bumpass L. 1984. Children and marital disruption: a replication and update. Demography. 21:71-82.

Dornbusch, S.M. 1989. The Sociology of Adolescence. Pp. 223-259 in W.R. Scott and J. Blake, eds. Annual Review of Sociology. Palo Alto, California. Annual Reviews.

Dornbusch, et. al. 1985. Single parents, extended households and the control of adolescents. Child Development 56:326-341.

Dryfoos, J. 1990. Adolescents at Risk: Prevalence and Prevention. New York: Oxford University Press.

Dubow E. and T. Luster. 1990. Adjustment of Children born to teen-age mothers: the contribution of risk and protective factors. Journal of Marriage and Family 52:393-404.

Elder, G. 1992. Family and Stress in Rural America. Paper presented at the Society for Research on Adolescents, Washington, D.C.

Finkelhor, D. 1991. Child sexual abuse. Pp. 77-94 in M.L. Rosenberg and M.A. Fenley, eds. Violence in America. A Public Health Approach. New York. Oxford University Press.

Hauser, R.M. and H.S. Phang. 1992. Trends in High School Dropout Among White, Black and Hispanic Youth 1973 to 1989. Madison. Institute for Research on Poverty, University of Wisconsin.

McCord, J. 1990. Problem behaviors. In S.S. Feldman and G.R. Elliott, eds. At the Threshold: The Developing Adolescent. Cambridge, Mass.: Harvard University Press.

McLanahan, S. 1986. The consequences of single parenthood for subsequent generations. Focus (Fall):16-21.

Norton, A.J. and P.C. Glick, 1986. One parent families: a social and economic profile. Family Relations 35(1):9-17.

Spivak, H. and M. Weitzman. 1987. Social barriers faced by adolescent parents and their children. Journal of the American Medical Association 258(11):1500-1504.

Widom, C.S. 1989. Child abuse, neglect, and violent criminal behavior. Criminology 27(2):251-271.

Chairman FORD. Dr. Hagan.

STATEMENT OF JOHN HAGAN, PH.D., PROFESSOR OF SOCIOLOGY AND LAW, SCHOOL OF LAW, UNIVERSITY OF TORONTO, ONTARIO, CANADA

Mr. HAGAN. Thank you, Mr. Chairman.

My task is to speak to you more specifically about juvenile and criminal justice systems in America. These systems are becoming prominent institutions in the adolescent and early adult lives of the inner city poor.

When impoverished minority youth are not a part of families or attending school, they are especially likely to be swept into the juvenile and criminal justice systems. A result is that the imprisonment for young African American males is more than four times that for whites. And it is estimated that three of every four black male school dropouts come under supervision of the criminal justice system by the time they reach their early thirties.

However, as justice system contacts and expenditures have increased in recent years, rates of violent crime have not diminished. For example, homicide is now a leading cause of death for young African American males and this death rate soared during the war on drugs of the mid to late 1980s.

Minority youths are disproportionately both the victims and perpetrators of crime in the United States and crime victimization is a pervasive part of African American community life more generally.

African Americans experience rates of robbery victimization that are more than 150 percent higher than those for whites. Rates of black homicide deaths are six to seven times that for whites. These patterns reflect the danger, anger, risks, and strains of crime in poor urban areas.

Victimization often leads to offending, and much crime in minority neighborhoods is a product of retaliation and revenge seeking acts that are a common part of gang and peer group association. The line between victimization and offending in such episodes is often unclear.

Young African American males who experience education and employment problems are at exceptionally high-risk of arrest and imprisonment as well as criminal victimization. One in every three arrests and one of every two incarcerations involves an African American. Three in every four African American prison inmates have less than 12 years of schooling.

Increasing attention is being focused on the ways in which these problems are concentrated in distressed minority settings. Sociologists such as William Julius Wilson, who was cited by President Clinton in his recent Memphis speech, emphasized that violent street crime and victimization are concentrated in distressed minority neighborhoods because of the concentration of poverty and joblessness in these settings.

The demographer Douglas Massey shows that racial segregation transformed many black communities beginning in the mid-1970s. This work shows how a loss of jobs and high levels of segregation created a population often called an underclass, transforming low-income communities into places where welfare-dependent, female-

headed families are the norm. When this occurs, patterns of formal and informal community control are undermined. The social capital of these communities is depleted and no longer can contain the strains and pressures that lead to crime.

Community studies are especially persuasive in describing the ways in which concentrated poverty affects crime rates in minority neighborhoods. These studies emphasize the growth of the underground drug economy focused around gangs and guns which substitutes and competes with the legitimate labor market. For many young minority males, the drug economy is an illicit employment agency, superimposed on existing gang networks. Youth, who come of age in gangs and who have never experienced sustained legal employment, find a place in the illicit economy selling drugs on street corners and drug houses.

An increasing awareness and fear of crime has resulted in an escalation in the use of imprisonment. In little more than a decade, commitments to State prisons increased nationally nearly two-and-a-half times. During this period, the rate of incarceration for African Americans was more than six times the rate for whites.

On average, it costs about $15,000 a year to incarcerate an individual in the United States. The United States is a world leader in the investment in prisons. Support for imprisonment is often built on a confidence in a penal strategy called "selective incapacitation" that focuses on repeat offenders. However, research suggests that this strategy cannot, in practice, reduce crime significantly without substantial increases in prison populations because, most importantly, new offenders quickly replace those who desist and are removed from the population. This assessment is supported by increases in violent crime during the recent record use of imprisonment in the United States. Our investment in imprisonment has not produced the expected reduction in violent crime.

Prison experiences may actually solidify the networks of association that make continued involvement in crime likely. Incarceration or even prolonged processing through the criminal justice system dates job skills and contact networks for legitimate employment. The bottom line is that the U.S. justice system is badly overburdened with an emphasis on imprisonment that is expensive, unproductive of reductions in crime, and probably productive of increased hostility toward itself in low-income communities. Meanwhile, with the very notable exception of violent offenders, many Americans approve of the use of alternatives to incarceration.

In sum, high levels of crime among minority youth are causally associated with the concentration of poverty that we have heard so much about today. Patterns of ethnic, especially racial segregation, have created conditions in which a recessionary economy and concentrated poverty have torn the social fabric of low-income minority communities. Social disruption has aggravated stereotypes of these distressed settings and has led to punitive policies that generate diffuse and pervasive feelings of injustice and hostility.

Alternatives to an excessive and expensive reliance on the juvenile criminal justice systems are desperately needed.

Thank you.

Chairman FORD. Thank you very much.

[The prepared statement follows:]

Testimony of John Hagan
University of Toronto
and Member, Panel on High Risk Youth

before the
Committee on Ways and Means, Subcommittee on Human Resources
December 7, 1993

Hearings on Children and Families at Risk in Deteriorating Communities

Risks of Crime and Justice System Contacts in Deteriorating Communities

America's juvenile and criminal justice systems are prominent institutions in the adolescent and early adult lives of the inner city poor. When impoverished minority youth are not a part of families or attending schools, they are especially likely to be swept into the juvenile and criminal justice systems. The imprisonment rate for young black males is more than four times that for whites, and it is estimated that three of every four black male school drop-outs come under supervision of the criminal justice system by the time they reach their early 30's. As justice system contacts and expenditures have increased in recent years, rates of violent crime have not diminished. For example, homicide is now a leading cause of death for young black males, and this death rate soared during the "War on Drugs" of the mid to late 1980s.

Victims, Perpetrators and Poverty

Minority youth are disproportionately both the victims and perpetrators of crime in the United States, and crime victimization is a pervasive part of black community life more generally. For example, the U.S. Department of Justice's annual National Crime Survey, a nationwide residential survey of the general public about their experiences as victims of crime, shows that blacks experience rates of robbery victimization that are more than 150 percent higher than those for whites. For much of the last half century, rates of black homicide deaths have ranged from six to seven times those for whites. These patterns reflect the danger, anger, risks and strains of crime in poor urban areas. In his poignant book There Are No Children Here, about the early teenage years of the brothers Pharoah and Lafeyette Rivers, Alex Kotlowitz reports the younger brother as confiding, "I worry about dying, dying at a young age, while you're little." Surveys indicate that parents in these neighborhoods share these fears.

For many youths, victimization is a consequence of the risk of living in a highly criminal environment; for others, it is a consequence of direct participation in the criminal activities that prevail in this environment. Victimization often leads to offending, and much crime in minority neighborhoods is a product of retaliation and revenge-seeking acts that are a common part of gang and peer group associations. Turf battles are common within and between racial and ethnic enclaves and ghettoes. The line between victimization and offending in such episodes often is unclear; the acts involved can be partly a reflection and partly a cause of a pattern of "diffuse aggression."

Even living in proximity to high-crime areas increases the risk of crime victimization, so that middle-class and near-poor members of minority communities suffer as much or more crime victimization as impoverished members of these communities. Public opinion surveys indicate that many middle-class black Americans believe that the police and courts fail to protect them from the growing problems of crime, and at the same time mistreat them in their encounters with justice officials. These perceptions have been reinforced by the Rodney King beating and similar encounters, but middle-class black Americans have long complained of such harassment. Research confirms that black Americans, especially those who have

achieved positions of higher status, share a pervasive perception of injustice at the hands of the law enforcement system.

Young black American males who experience education and employment problems are at exceptionally high risk of arrest and imprisonment as well as criminal victimization. One in every three arrests and one in every two incarcerations in the United States involves a black American. Three in every four black American prison inmates have less than 12 years of schooling.

Scholarly efforts to explain these facts have focused on two possibilities. The first is that race-linked patterns of discrimination, segregation, and concentrated poverty produce pervasive family and community disadvantages, as well as educational and employment difficulties, that in turn cause high levels of delinquent and criminal behavior among young minority males. The second is that, at the hands of the juvenile and criminal justice systems, young black American males are victims of prejudice and discrimination in the form of more frequent arrest, prosecution, and punishment for delinquent and criminal behavior. There is evidence for both of these explanations, and an awareness of their combined validity adds an important element of suspicion and distrust to minority citizens interactions with the justice system.

Increasing attention is focused on the ways in which these problems have become concentrated in distressed minority settings. Sociologists such as William Julius Wilson and Robert Sampson emphasize that violent street crime and victimization are increasingly concentrated in distressed minority neighborhoods because of the concentration of poverty and joblessness in these settings. The demographer Douglas Massey, in his study American Apartheid, argues that racial segregation was a further factor responsible for the transformation of many black communities beginning in the 1970s. This work shows how a pernicious interaction involving the loss of jobs and high levels of segregation created a population often identified as an "underclass," transforming low-income communities into places where welfare-dependent, female-headed families are the norm. When this occurs, patterns of formal and informal community control are undermined, in turn producing high rates of crime and related problems. The social capital of these communities is depleted and no longer can be effectively mobilized to contain the strains and pressures that lead to crime.

Community studies are especially persuasive in describing the ways in which concentrated poverty affects crime rates in minority neighborhoods. Recent ethnographies, such as Elijah Anderson's Streetwise, emphasize the growth of the underground drug economy focused around gangs and guns, which substitutes and competes with the legitimate labor market. Anderson points out that for many young minority males the drug economy is an illicit employment agency super-imposed on existing gang networks. Youth who come of age in gangs and who have never experienced sustained legal employment find a place in the illicit economy made up of the selling of drugs on street corners and in drug houses. The violence that accompanies these activities is reflected in racial differences in homicide rates reported above. However, it is extremely important to recognize that these racial differences only persist in contexts of concentrated poverty. Epidemiological studies indicate that at higher socioeconomic levels, blacks and whites experience similarly low rates of homicide; only in areas with high concentrations of poor families do black Americans experience higher levels of homicide victimization.

The Increasing Reliance on Imprisonment

An increasing awareness and fear of crime has resulted in an escalation in the use of imprisonment. In little more than a decade, between 1974 and 1986, commitments to state prisons increased nationally nearly 2-1/2 times. During this period, the rate of incarceration for blacks was more than six times the rate for whites. At current rates of growth, as many as one million Americans may be in prison by the year two thousand. On average, it costs about $15,000 a year to incarcerate an individual. The United States is a world leader in investment in imprisonment.

In a 1991 study reported by Patrick Langan in the journal Science, several explanations were offered for the increased use of imprisonment between 1974 and 1986. Increasing levels of reported crime and overall arrests accounted for 9 percent of the increase. More specific increases in arrests and imprisonment for drug crimes accounted for another 8 percent, and there is reason to believe that this figure has continued to grow. Changes in the proportion of young people in the U.S. population accounted for 20 percent of the increase. However, the largest factor by far, accounting for more than half of the change, was simply a renewed preference for institutional sentences. This tougher response to crime apparently involves not only judges, but also prosecutors, probation officers, and parole boards. So that while in 1974 parole boards returned about 6 percent of their cases to prison, this increased to nearly a quarter of this population in 1986. Because crime is concentrated so heavily among youth and minorities, the increased use of imprisonment has fallen most heavily on young minority males.

Perpetuating Problems Through Imprisonment

Support for imprisonment often is built on confidence in a penal strategy of "selective incapacitation" that focuses on known repeat offenders. However, research on selective incapacitation suggests that this strategy can not in practice reduce crime significantly without very substantial increases in prison populations because the capacity to predict criminal careers is limited, there is relatively little specialization by type of crime, most criminal careers are brief, and new offenders quickly replace those who desist. This assessment is supported by increases in violent crime during the recent record use of imprisonment in the United States. Our investment in imprisonment has not produced the expected reduction in violent crime.

Nor do institutionalization and related repressive measures have demonstrated deterrent effects on young people. Enthusiasm for such programs rests more on faddishness than demonstrated results. "Shock incarceration" and the "scared straight" program received much attention a few years ago, much as the "boot camp" programs do today. Yet such programs have not been shown to reduce reconviction or recidivism in systematically assessed control group designs; sometimes such programs seem to have produced more recidivism.

It is uncertain exactly why or how these negative effects might occur. For many years the concern was that institutionalization resulted in "prisonization," a process by which new detainees take on the attitudes and values of older inmates. However, there is now more evidence that by the time they encounter the justice system, ghetto youth have already assumed self-concepts, attitudes, and values that make further impact, beyond perpetuation, unlikely. This should not be surprising, given the hostile attitudes toward the justice system in the community.

Meanwhile, prison experiences may actually solidify the networks of association that make continued involvement in crime likely. For example, racial associations and conflicts are imported into prisons from home communities, perpetuating gang violence and contacts. These continuing associations assist inmates in maintaining connections with illegal markets that persist in prison. Prison is a further part of a process that isolates inner-city youth from legitimate labor markets and stigmatizes them in their later lives.

Incarceration, or even prolonged processing through the criminal justice system, dates job skills and contact networks for legitimate employment. Low income males with conviction records are uniquely disadvantaged in finding employment, in part because employers are reluctant to employ ex-offenders. The attitudes and interests that signal employability to prospective employers may be undermined and otherwise discouraged, while attitudes of distrust and hostility are perpetuated. Factory jobs in the manufacturing sector once allowed for a toughness of demeanor among minority males, but such attitudes are disabling in the new service economy jobs. Juvenile and justice system contacts seem to perpetuate those attitudes.

The bottom line is that the U.S. justice system is badly overburdened, with an emphasis on punishment that is expensive, unproductive of the desired gains in reducing levels of crime, and probably productive of increased hostility toward itself in low-income minority communities. Meanwhile, with the very notable exception of violent offenders, there is evidence that Americans approve of the use of alternatives to incarceration.

Some progress has been made in recent decades in diverting some "status offenders" from the juvenile justice system. Status offenses are actions that are offenses solely because of the age of the offender: runaways, truancy, curfew violation, being "in need of supervision," being "incorrigible," etc. The diversion of status offenders from the juvenile justice system is encouraging. Nonetheless, increasing numbers of young people still are passing directly or indirectly from the juvenile to the criminal justice system, and the latter system also is populated disproportionately by older teenagers and young adults. Yet research indicates that the most effective treatment programs are applied outside of public facilities, custodial institutions, and the juvenile justice system. These programs tend to be nonpunitive and to focus on skill development and multi-model treatments that offer alternatives to the more socially and fiscally costly mechanisms of justice system involvement.

Conclusions

High levels of crime among minority youth are causally associated with the concentration of poverty in urban neighborhoods. Patterns of ethnic, especially racial, segregation have created conditions in which economic downturns and concentrated poverty have torn the social fabric of low-income minority communities. Social disruption has aggravated stereotypes of these distressed community settings and has led to overpolicing and other kinds of punitive treatment that generate diffuse and pervasive feelings of injustice, hostility, and aggression. Hostility is itself disorganizing and disruptive in ways that make crime and violence common.

The growing concentration of poverty in inner-city neighborhoods coincided with the entry into the crime-prone years of adolescence and early adulthood of the large post-war birth cohorts and--more recently--their children. The aging of these cohorts might have been expected to produce some relief in following years, but after some positive signs in the early 1980s, rates of criminal violence moved upward again. A new emphasis on deterrence and selective incapacitation produced escalating rates of imprisonment that did not alter these trends. Low-income youth, especially minority males, have continued to experience high levels of crime as well as punishment.

The large-scale use of arrest and imprisonment has both fiscal and other implications. Race-linked inequalities further aggravate problems in an array of institutional settings. Because the justice system is expected to embody especially high standards of fairness, which it can not and does not always meet, justice system interactions have become particularly difficult forums for black-white relations. A result is that many minority youth grow up in environments that, in addition to other difficulties, are characterized by hostility toward the justice system. Alternatives to an excessive and expensive reliance on this system are desperately needed.

References

Anderson, Elijah (1991) Streetwise: Race, Class and Change in an Urban Community. Chicago: University of Chicago Press.

Kotlowitz, Alex (1991) There Are No Children Here. New York: Doubleday.

Langan, Patrick (1991) America's soaring prison population. Science 251:1568-1573.

Massey, Douglas (1990) American apartheid: segregation and the making the under-class. American Journal of Sociology 96:329-357.

Chairman FORD. Dr. Street.

STATEMENT OF LLOYD STREET, PH.D., PROFESSOR, DEPARTMENT OF HUMAN SERVICE STUDIES, CORNELL UNIVERSITY, ITHACA, N.Y.

Mr. STREET. Thank you, Mr. Ford.

We have heard from this panel a litany of the difficulties that impact upon the young people in America. I have also submitted a statement which carries to some detail some of these same claims of circumstances.

I would like to restate from a standpoint of a way in which they relate to neighborhoods, three key findings of the panel on High-Risk Youth. The findings suggest that a productive way of cutting into, of intervening into the major kinds of social problems and afflictions that we have been hearing about here is to focus more on the neighborhood. It is the setting and context in which the people live out their lives, and the poorer you are, the more at risk you are, the more likely are you to live in a neighborhood where what happens there and the quality of life there is more important. If you are wealthy and privileged, a geographical neighborhood is not nearly as important.

Second, that in addition to the lack of work and income, there is a lack of balance between regulation and service, between regulation and incentive of the sort that John Hagan has just commented about in relationship to the criminal justice system in which it becomes a matter in which a person subject to the services of most of the educational health and criminal justice processes soon discovers that there is very little incentive to engage in lawful or even public regarding behavior, that we have to, in a sense, strike a new balance between regulation and between incentives in all of our services.

Third, that the afflictions that we are concerned with, and we have heard this from Dr. Katz as well, are interlocked and synergistic. It is not just a matter that individuals carry these difficulties with them but that communities in fact have a variety of characteristics such as sex ratios, population densities, concentration effects, racial, housing tenures, but they also have city policies, county policies and State policies which have a direct effect on the quality of life in these neighborhoods.

These differences can produce different rates of illness, different rates of crime, different rates of dependency, different levels of educational attainment, and the capacity of communities to turn out better families, to turn out better results also can be changed.

The fact that problems are synergistic and not just connected to individuals suggest what several other commentators have made a point of; namely, that we ought to work in a comprehensive way and that we ought to focus on certain kinds of communities. There is evidence, for example, that many field-based interventions work when individual level interventions fail. Individual residents clearly need a variety of services but individuals also need community organizations and facilities as well as community identity and purpose to move their life forward. And communities, as organizations, also need people, skills, and motivations on the part of individual residents to define and solve its own problems.

This suggests to me that as a regulation works in their lines, it surely might work with respect to the people in the communities who are at most in need of the regulations. Community organizations work to achieve a balance between control over what people do and rewarding people for acting in a public regarding way. We seem to lose that.

The question is what is the size of the carrot and what is the size of the stick. Should you have a bigger stick and carrot sometimes and a bigger carrot and a smaller stick at other times? These are the kinds of balances that we have to bring back into services.

There are several suggestions for intervention policies that we ought to seriously consider. I think that most people who are most distressed in America today don't believe that anybody really is concerned or truly interested in the qualities of their life. I think we should develop an environmental standard and procedure to determine which communities are capable of supporting salutary life. If we can do this for fishes and birds, we ought to be able to do it for people. It would have a lot of salutary effects, including the ability on the part of individuals to point out where and how their community falls down in supporting their effort to build their life.

Second, we should target communities which fail this simple ecological test. We could have a test for a level of violence and a test for the number of people who are out of work and then channel State and Federal and other kinds of resources designed to rebuild community capacity.

Third, programs developed under such an initiative should be community based and comprehensive in order to take into account the synergistic character of the problems which are not understood by most of the warlords who conduct this welfare system, the police system, and the variety of other systems which are presumably helping these people.

There are programs which undertake these kinds of activities, and we all know of examples of them. We underestimate the capacity of these communities to rebuild themselves and focus only on those estimates of the quality of loss which these communities have gone through. The loss that these communities suffered is not restricted to the people-personal side, but is also a function of the way these communities have been treated and disinvested in.

There are countless examples of the ability of these communities to bring their neighbors into line and to lead productive lives. I would cite one. The Oakland community organizations which had the capacity to turn around the way in which the whole criminal justice system dealt with drugs in the city of Oakland, and these were ordinary poor people which most studies wrote off.

There were also research projects of the sort that we ought to engage in because we know too little about a variety of issues, including we know too little about race. We know race matters but we don't quite yet know how to study it nor are we willing to study it.

One program that I would suggest that moves this forward is the program on human development and criminal behavior at Harvard University because it represents the kind of multidisciplinary life course community-oriented applied program that we ought to see more of.

Thank you.

Chairman FORD. Thank you very much, Dr. Street.

[The prepared statement follows:]

Testimony of Lloyd Street
Department of Human Service Studies, Cornell University
and Member, Panel on High Risk Youth

before the
Committee on Ways and Means, Subcommittee on Human Resources
December 7, 1993

Neighborhoods and Neighborhood Intervention[1]

Introduction:

Most social interactions of families and adolescents are embedded within neighborhood settings. Neighborhoods are therefore a critical influence on adolescent development. The power of that influence has not been adequately appreciated in the development of policies and programs for families and children. Although neighborhood and community studies have documented the influence of social organization, services, ethnic composition, mobility and migration, on social performances like public dependency, abuse, crime and other social problems; theoretical and ideological biases rather than knowledge leads us to favor individual and family rather than neighborhood and community intervention. In life and hence in research the main effects of individual, family, neighborhood, community and regional differences are confounded. The purpose of the sections that follow is to describe the main effects of community and neighborhood in current studies, and to discuss the important effects our panel ascribed to community influences on adolescent development.

A "neighborhood" can be defined as a face-to-face place for social interaction, for education and human service. A neighborhood is a place for preparing for life, engaging in employment, going out into activities of the life span. A "community" differs from a neighborhood in size or in residents' or outsiders' characterization. However defined, a neighborhood is a key setting for human development.

A theoretical bias toward consensual models of community rather than theories of a community-as-a-resource, have led us to view some communities as incapable of resolving their problems. Few community studies attempt to analyze how private-sector actions, government policy, and regulatory law influence a neighborhoods capacity to act in its own behalf.

Poverty Concentration and Ethnic Stratification:

There is a clustering of poor people in the 10 largest metropolitan areas. Almost half of all poor persons live in the poorest neighborhoods--those in which at least 40 percent of all residents have poverty-level incomes. The number of persons living in such neighborhoods--referred to as concentrated poverty neighborhoods-- is increasing. The 1970s saw a 29.5 increase in the number of poor people living in these neighborhoods, to an estimated 2.45 million. Comparable data is not yet available from the 1990 census. This growth was not evenly distributed. A little over half of all SMSAs showed no change or a decrease in concentrated poverty; the others, especially large cities in the Northeast and Midwest, showed increases in this concentrated poverty (Jargowsky and Bane, 1990; Farley, 1990).

Concentrated poverty goes hand in hand with many social problems, and the neighborhoods experiencing increases in concentrated poverty show great changes compared to other neighborhoods. For example, the underclass neighborhoods had a 355 percent increase in people with no regular attachment to the labor force or education, 5 times the increase in poor neighborhoods, and 20 times the increase for the overall U.S. population.

---

[1]This testimony is excerpted in the main from chapter 4 of Losing Generations, published by the National Academy Press, 1993.

Poor neighborhoods are also racially and ethnically stratified. The average black family, for example, lives in a census tract in which 30 percent of families are poor; for the average Hispanic family, the figure is 23 percent; the average Asian family 20 percent; and the average non-Hispanic white family, 14 percent .

Social Composition of Poor Neighborhoods:

Adults in poor neighborhoods differ in important ways from those in more affluent areas. The social composition of an increasing number of neighborhoods has deteriorated during the 1970s, resulting in an increase in neighborhoods of working-age males not attached to the labor force, households headed by a woman with children , households receiving welfare, and dropouts among the school-age population. Although the poverty rate remained fairly constant from 1970 to 1980, there was a 75 percent increase in the number of census tracts with concentrated poverty, and significantly, a 331 percent increase in the number of underclass neighborhoods.

The growth in crack and cocaine markets since the early 1980s has placed additional stress on poor neighborhoods. Drug markets have simultaneously accelerated the exodus of stable families and undermined the authority of community leaders. Families who are not involved as participants in drug markets are still influenced by their presence; some are victims of drug-related violence, while many more are unable to engage in normal neighborhood activities.

Racial and Ethnic Composition of Schools:

Because the vast majority of students attend neighborhood schools and because school funding is related directly to family and neighborhood wealth, public schools tend to be stratified by class, race, and ethnicity. As a result, in 1989, 51.8 percent of public school students in central cities were black or Hispanic, a percentage that has increased steadily since the 1970s (Alsalem et al., 1992). Concentrations within individual schools are even more pronounced. According to analyses by Orfield and colleagues (1983, 1989, 1992:v), "school segregation of Hispanics has increased dramatically," while segregation has "remained relatively stable for Blacks" over the past 20 years. In the Northeast, for example, over three-quarters of all black students attend "predominately minority" schools, with almost half attending intensely segregated schools. Minority students are also most likely to attend the nation's poorest schools.

There are multiple factors that contribute to, and maintain, poverty concentrations and racial stratification. Public policy in the last two decades has not strongly aided urban areas, but there are other factors.

Neighborhood Destabilization:

Once a neighborhood begins to substantially lose its economic base, other factors come into play. Adults and young people become socially isolated, losing the kind of networks and self- or group identifications that support customary behavior and prevent deviant behavior (Wilson, 1987; Fernandez and Harris, 1990; Harrell and Peterson, 1992; Crane 1991b). Social institutions; schools, the social welfare system, and the criminal justice system, tend to anticipate and facilitate failure, shame, and hopelessness (Williams and Kornblum, 1985; Chapter 8). Parents also lose some degree of hope and have fears for the well-being of themselves and their children (National Commission on Children, 1991). Employers also respond: people living in underclass neighborhoods are less likely to be hired for a job than those in better-off neighborhoods, even with the same background and skills; and one study of Chicago-area employers found screening of prospective employees by address to be a surrogate for racial and socioeconomic status of neighborhoods (Kirschenman and Neckerman, 1991).

As their neighborhood economic and social systems break down, neighborhoods seem increasingly unable to restrain criminal or deviant behaviors (Wilson, 1987, Anderson, 1991a; Reiss and Roth, 1993). These disorganized areas are vulnerable to the processes that "hollow out" urban neighborhoods: fires in abandoned buildings, housing deterioration, fires in occupied buildings, housing abandonment, reduction of fire services, and accelerating out migration by stable members of the community, leaving behind an isolated subgroup of residents who are unable or unwilling to move into accepted adult roles (Wallace, 1989, 1990, 1991). Not surprisingly, the result is that economically poor neighborhoods differ in terms of diminished private economic activity, the types of public and social services available, limited recreational and development programs, and higher levels of crime (Littel and Wynn, 1989; Schneider and Logan, 1982; Reiss and Roth, 1993).

Consequences of Bad Neighborhoods:

There is little reason to expect that the conditions summarized above are favorable for adolescent and other stages of human development.

Neighborhood effects appear to work through the social milieu or settings in which adolescents live and act and can be considered as responses to a lack of legitimate economic and equal opportunity. This perceived lack of opportunity, and the weight of discrimination, leads to diminished academic performance.

There is strong evidence that poor neighborhoods increase the likelihood of early pregnancy and childbearing. Many young women in poverty recognize the risks of early parenthood, but opt for this choice because it provides proof that they are attractive and successful. It also provides adult status more immediately than hoping for a job that may not come. (Anderson, 1990; Musick, 1991). Holding race and family background constant, births to unmarried adolescents are more likely in poor neighborhoods than in more affluent ones (Jencks and Mayer, 1990b). However, higher numbers of high-status workers in a census tract reduce the chance that black, but not white, adolescents will have a baby.

It is likely that poor neighborhoods also affect adolescent employment prospects. Not only are employers less likely to hire young people from such neighborhoods, but adolescents often believe it more profitable to enter underground or illegitimate employment markets, such as drug dealing or gambling, than formal labor markets (Williams, 1989; Reiss and Roth, 1993). Several studies show that growing up in an urban neighborhood that either is predominately black or has a high rate of welfare dependency reduces young men's chances of finding well-paid jobs in adulthood. (Jenks and Mayer, 1990b). More recent analysis shows that, in the 50 largest cities in the United States, the higher the poverty rate of a census track, the more likely teenage males are to be idle (i.e., not in school, employed, or in the military).

There is a certain relatively large body of research on urban neighborhoods, crime, and victimization. Urban areas have the highest rates of crime, and within urban areas the rates for both offending and victimization are highest in neighborhoods.

Overall studies suggest that a mix of neighborhood characteristics contribute to criminal offending. Two recent studies: the first investigated changes in community structure and violent crime in Baltimore neighborhoods from 1970 to 1980 (Taylor and Covington, 1988). It found that neighborhoods with increasing concentrations of poor persons also experienced increasing violence rates. Less expected was an increased level of violence in gentrifying neighborhoods--those with increasing proportions of affluent persons (measured by owner occupied housing and family income). The authors conclude that violence is associated with neighborhood change but that the underlying mechanisms are different for neighborhoods.

The second study examined variations in homicide rates among SMSAs and cities over a 30-year period (Land et al., 1990). The analysts found that resource deprivation (a composite measure of poverty concentration and income stratification) had the largest effect on the homicide rate. (Land et al., 1990).

Until analyses of 1990 census data are completed, trends during the 1980s cannot be confirmed. However, with overall trends toward higher poverty and unemployment, combined with the deteriorating labor market for young workers, it is likely that levels of concentrated poverty and residential segregation by class and race remained, at best, at 1980 levels.

Some youth do prosper in such disadvantaged settings--those who are sheltered from the influence of street life by parents and community institutions or were able to establish important relationships with other neighborhood adults (Williams and Kornblum, 1985).

Conclusions:

At a time when dependency, crime, homelessness, major public health problems confront the nation we must put together community-based strategies that promise to improve the quality of life in those communities most at risk.[2] I believe this means that we need to build stronger and better families which can be described in terms of capacity to nurture and launch successful children. To begin this task I believe that we must begin to rebuild communities and their informal and formal support of families and children as a primary goal of our social policies. Good, strong, nurturing families need good, strong nurturing communities. As noted, individual and family troubles are also neighborhood and community troubles and city and regional troubles. In my view, a too often ignored point of intervention is community and neighborhood. Neighborhood-based services can be built on knowledge bases, take advantage of the strength of most communities and may generate cost and social efficiences by building the social capital of people in need.

Five steps regarding such interventions:

First, we must develop environmental standards and legal procedures to identify neighborhoods and communities that so undermine the quality of life among its residents that intervention is required.

Second, neighborhoods and communities might become a unit of resource allocation which might enable federal and state funds to be used more flexibly and in a prevention rather than failure based model.

Third, services must address problems as they exist. Problems of housing, public safety, education, participation in civic affairs and public policy education tend to go together.

Fourth, some resources must address community capacity to control and better manage its problems mainly through giving a larger role to membership controlled local organizations.

Fifth, any comprehensive strategy must have a reasonable time line, considerable freedom to experiment and clear and draconian standards for stopping failed programs.

It is unlikely that dependency, crime, violence can be effectively managed without taking into account neighborhoods and communities within which families and individuals live, a neighborhood approach will not in itself solve our problems. But its potential is largely ignored for traditional rather than informed reasons.

---

[2]The comments which follow are mainly derived from the U.S. Advisory Board on Child Abuse and Neglect. 1990. *Critical first steps in response to a national emergency*. Washington, D.C., U.S. Government Printing Office and an unpublished background paper for the U.S. Advisory Board on Abuse and Neglect developed by Frank Barry, The Neighborhood Based Approach. 1992. Family Life Development Center. Cornell University.

REFERENCES

Alsalem, N., L.T. Ogle, G.R. Rogers, and T.M. Smith
1992 *The Condition of Education*. Washington, D.C.: U.S. Department of Education.

Anderson, E.
1990 Neighborhood effects on teenage pregnancy. Pp. 375-398 in C. Jencks and P.E. Peterson, eds., *The Urban Underclass*. Washington, D.C.: The Brookings Institution.
1991a Alienation and Crime Among the Ghetto Poor. Unpublished manuscript, Department of Sociology, University of Pennsylvania.

Crane, J.
1991a Effects of neighborhoods on dropping out of school and teenage childrearing. In C. Jencks and P.E. Peterson, eds., *The Urban Underclass*. Washington, D.C.: The Brookings Institution.
1991b The epidemic theory of ghettos and neighborhood effects on dropping out and teenage childbearing. *American Journal of Sociology* 5:1226-1259.

Farley, R.
1990 Residential segregation of social and economic groups among blacks, 1970-89. In C. Jencks and P.E. Peterson, eds., *The Urban Underclass*. Washington D.C.: The Brookings Institution.

Fernandez, R.M., and D. Harris
1990 Social Isolation and the Underclass. Unpublished manuscript, Center for Urban Affairs and Policy Research, Northwestern University.

Harrell, A.V., and G.E. Peterson, eds.
1992 *Drugs, Crime, and Social Isolation: Barriers to Urban Opportunities*. Washington, D.C.: Urban Institute Press.

Jargowsky, P., and M.J. Bane
1990 Ghetto poverty in the United States, 1970-1980. Pp. 235-273 in C. Jencks and P.E. Peterson, eds., The Urban Underclass. Washington, D.C.: The Brookings Institution.

Jencks, C., and S.E. Mayer
1990a The social consequences of growing up in a poor neighborhood. In L.E. Lynn and M. McGeary, eds., *Concentrated Urban Poverty in America*. Washington, D.C.: National Academy Press.
1990b Residential segregation, job proximity, and black job opportunities. In L.E. Lynn and M.McGeary, eds., *Inner-City Poverty in the United States*. Washington, D.C.: National Academy Press.

Kirschenman, J., and K.M. Neckerman
1991 "We'd love to hire them, but...": the meaning of race for employers. Pp. 203-232 in C. Jencks and P.E. Peterson, eds., *The Urban Underclass*. Washington, D.C.: The Brookings Institution.

Land, K., P. McCall, and L. Cohen
1990 Structural convariates of homicide rates: are there any invariances across time and space? *American Journal of Sociology* 95:922-963.

Littell, J., and J. Wynn
1989 *The Availability and Use of Community Resources for Yong Adolescents in an Inner-City and a Suburban Community*. Chicago: Chapin Hall Center for Children, University of Chicago.

Massey, D., and M. Eggers
1990 The ecology of inequality: minorities and the concentration of poverty. *American Journal of Sociology* 95:1153-1188.

Musick, J.S.
1991 The high-stakes challenge of programs for adolescent mothers. Pp. 111-138 in P.B. Edelman and J. Ladner, eds., *Adolescence and Poverty: Challenge for the 1990s*. Washington, D.C.: Center for National Policy Press.

National Commission on Children
1991 *Speaking of Kids: A National Survey of Children and Parents.* Washington, D.C.: National Commission on Children.
1983 *Public School Desegregation in the United States,* 1968-1980. Washington, D.C.: Joint Center for Political Studies.

Orfield, G., and F. Monfort
1992 *The Status of School Desegregation: The Next Generation.* Alexandria, Va.: National School Boards Association.

Orfield, G., F. Monfort, and M. Aaron
1989 Status of school desegregation 1968-1986. In *Segregation, Integration, and Public Policy: National, State, and Metropolitan Trends in Public Schools.* Chicago: University of Chicago.

Reiss, A.J., and J.A. Roth eds.
1993 *Understanding and Preventing Violence.* Panel on the Understanding and Control of Violent Behavior, Committee on Law and Justice, National Research Council. Washington, D.C.: National Academy Press.

Schneider, M., and J.R. Logan
1982 Suburban racial segregation and black access to local public resources. *Social Science Quarterly* 63:762-770.

Taylor, R., and J. Covington
1988 Neighborhood changes in ecology and violence. *Criminology* 26:553-590.

Williams, T.
1989 *The Cocaine Kids: The Inside Story of a Teenage Drug Ring.* Menlo Park, Calif.: Addison-Wesley.

Williams, T., and W. Kornblum
1985 *Growing Up Poor.* Lexington, Mass.: Lexington Books.

Wilson, W.J.
1987 *The Truly Disadvantaged: The Inner City, The Underclass, and Public Policy.* Chicago: University of Chicago Press.

Chairman FORD. Mr. Handler, in your research you said the agenda for further research describes the directions for change in the 1990s and beyond. Just for the record of this subcommittee, under number six, you have concluded there by saying we need to develop alternatives to conviction and incarceration. Would you talk about those alternatives?

Mr. HANDLER. I will defer to our panel expert on the—on this.

Chairman FORD. I thought that was you.

Mr. HANDLER. I was summarizing.

Chairman FORD. OK. Just for the record, you touched upon what some of the witnesses have already said, but I want to go back for this record, because it is important for us to get some of the experts to give us suggestions on these alternatives. One of the reasons why I mention that is because, U.S. Business Week talked about rampant crime costing America $425 billion a year. What can be done about it?

They go on to talk about $90 billion for criminal justice; private protection, $65 billion; urban decay, $50 billion; property loss, $45 billion; medical care, $5 billion; and shattered lives, $170 billion; equal to $425 billion.

Four hundred twenty-five billion dollars is a lot of money. I want to know what some of those alternatives are. People keep talking about we had the war on poverty and the Comprehensive Employment and Training Act. But, we did not have as much crime as we are faced with today, when you are looking at statistics. It is triple; maybe even five or six times greater today than what we had under the Johnson administration with the war on poverty, and the CETA program where there was job training, job placement and hope in these communities that we are talking about. So I just want to hear some of these alternatives for the record of the subcommittee.

Mr. HAGAN. Let me introduce my remarks by saying that one of the sources of concern in this area is that the operation of the criminal justice system itself is so extraordinarily expensive and the rising costs associated with that are escalating. As rates of imprisonment have gone up over the last 10 to 20 years in the United States, the investment has increased proportionately.

It costs approximately $15,000 a year to incarcerate an individual, so we have to look at ways of using that money as effectively as we can. Obviously, some individuals have to be incarcerated, but the money has to be used as efficiently as possible.

One of the things that we have been doing, and in large numbers over the last decade, is to shift to a much increased use of incarceration with drug offenders. A large part of the increasing size of our prison populations is due to the imprisonment of drug offenders. We have to move toward the use of drug treatment programs. These programs were well developed in the 1960s and early 1970s, but we have shifted from the effort to rehabilitate and treat drug offenders to a period where we have moved much more selectively and severely toward punishment, retribution, deterrence and incapacitation.

Drug treatment programs demonstrate some success. We also know that programs focused around the transmission of job skills

demonstrates some success. Success of these programs has to be built on.

One of the other concerns we have is that individuals move so easily into the juvenile and on to the criminal justice systems without intervention at earlier points where programs that are more benign and less custodial could be more effective. We need to find ways of supporting those programs that intervene in lives at junctures where they can have a maximum impact before the criminal justice system becomes very seriously disadvantaging.

Chairman FORD. Mr. Handler, you have stressed the importance race discrimination plays in creating high-risk settings for youth in families. Yet, most Americans probably believe race discrimination is illegal and the laws are enforced against such discrimination.

Does Congress need to enact more laws against racial discrimination? Are we enforcing the ones we have on the books now?

Mr. HANDLER. I am not sure Congress has to enact more laws. There are plenty of laws on the books but they are not being enforced very well. I am thinking of residential segregation. I am thinking of employment discrimination. There are laws, there are plenty of laws against employment discrimination yet the evidence comes in that minority groups, particularly African Americans, are discriminated against in the employment markets.

We also know that, controlling for income, African Americans are the most highly segregated minority group in the country. Housing and income, as we have talked about, and the witnesses before us talked about, too, have very, very powerful effects on high-risk youth.

There are also serious problems within the schools. Now, again, even though schools, segregated schools are supposed to be illegal, there are lots of problems in the school system where kids are resegregated once they are in schools. They are tracked. Minority kids are disproportionally tracked into the slow learning or learning disabled class. They are disproportionately disciplined and they have disproportionately high dropout rates, so you have also——

Chairman FORD. Do these schools pay enough attention to students who are not bound to college do you think?

Mr. HANDLER. I don't think so. I don't think so. I mean, our finding was that the schools are failing, that the inner city schools—now these inner city schools also are very, very starved for resources. In part, you know, it is not the school system's fault, because we have such unequal school funding. You know, the State of Texas now is going through tremendous efforts.

Chairman FORD. What are the three top things that schools should look at in these areas and inner cities to make improvements?

What would be the first three things that you would suggest?

Mr. HANDLER. Well, they are all connected.

The first thing I would suggest is that they look very closely at the school-based demonstration products, like the Comer schools, the accelerated schools, where they are able to change their method of education; and they seem to get—they seem to get—because it is hard to evaluate—but they are seeming to get very significant improvements on the achievement in schools where traditionally

you have low achievement schools. I am talking about the schools in East Harlem, New Haven, and other poor schools. So I would look very seriously about reinstituting——

Chairman FORD. Would vouchers work? Moving them out and giving them a choice, possibly letting them go to private schools?

Mr. HANDLER. No. Vouchers without controlling problems of resegregation and income, I think, would be very bad. I think vouchers without resources would turn out to be very bad for pool schools. In California we recently voted down the voucher plan. And I think there might have been a lot of reasons, but I think principally the reasons were that it didn't have sufficient protections for minority children and for poor children. And it would just really increase the white flight or the income to the suburban people to move out.

So I think there has got to be school reform in essence but also much more resources put into these inner city schools.

Chairman FORD. Dr. Street is shaking his head as if he doesn't agree with you.

Mr. STREET. That was probably a tick, Mr. Ford.

Mr. HANDLER. So those are the two things that I would really stress. And where we have got significant developments in school reform, where things have worked well in some areas, and I would study those.

Mr. STREET. If I might demur slightly, there is a sentiment that says black kids can't learn in black schools, and the way you get them to learn more is that you move them into a more habitable center. I think there is plenty of evidence that black kids can learn, and they can learn in black schools.

The school in New Haven was a Comer. You didn't change the pedagogy. You changed the way the schools were managed and the way in which children were expected to perform differently. There were some schools in Maryland that showed the same pattern.

I am not sure we are going to get more resources, but we can do more with people that are on the site, including the parents who are now largely closed out, and including the teachers who by and large are not doing the kind of job that they might do if they were under different management. And I think part of that management is local control.

Chairman FORD. Well, if the training programs that are in existence today are not being that successful, should we put the training programs in the schools?

Mr. STREET. By "training programs" do you mean work training programs?

Chairman FORD. Training programs, skills programs. Not just a vocational educational setting.

But you talked about, Dr. Handler, the problems that exist with these inner city schools that are serving the poverty stricken neighborhood. It is clear that some of the training programs that are in existence are not working. Should we reform from this perspective, or should we look at other alternatives like placing these programs in the neighborhoods and in the schools that exist in these areas that we are talking about?

Mr. HANDLER. As a general matter, I think they should be placed in the schools rather than coming from Congress. And we are using

schools more and more for these purposes: teenage pregnancy, sex education, health programs, and also things like midnight basketball programs, keeping the schools open as a 24-hour resource. And I think the schools are an institution that have a lot of potential for these neighborhoods: adult education, after school programs.

And I want to emphasize, Mr. Chairman, that a lot of good projects are going on all over the country. We tried to identify many of those in our next to the last chapter in our book. Now, you know lots of them depend on charismatic people and great leadership, and that is hard to replicate.

But I think there are a lot of good lessons to learn about site-based management and community control.

Chairman FORD. Dr. Hagan, you mentioned some numbers—$15,000—to house a person in jail. Every time I hear someone, they give us a different figure on that.

Where do we find out what it actually costs? We hear numbers, 20,000 or 35,000, as much as $40,000. We know it is a costly item. I understand that. But how can we really identify what it costs?

With the majority of the crimes that are being committed, the average sentence is more like 5 years. What is it costing the Federal Government?

And we hear in the Congress that we really can't afford these jobs programs or can't afford to respond to the social problems that exist and the human needs being addressed by these committees in the Congress, because oftentimes, the old saying is that we work under severe budget restraints.

It is budget restraints when it comes to the real dire needs of the communities in our country. But, we are going to wake up one day, and it is going to be too late. So many of our families and children will have been lost. But how can we identify closer with the dollar amount that we are talking about?

Mr. HAGAN. Well, I would be happy to do some further exploration of that. The Department of Justice has done a lot of work in trying to develop such estimates.

One of the reasons that there is variation in the numbers that you have seen is that it does cost a different amount to incarcerate different offenders in different areas, and there are certain economies that come with scale. And we have noticed that the numbers have increased so dramatically in the United States in the last decade or two that we are spending extraordinary amounts in these areas.

And those dollars, of course, are dollars that could be used for other purposes. And it is particularly a concern in the context of the types of remarks that Dr. Katz made earlier in regard to trying to get that concentration effect or multiplier effect on the resources. If we dissipate our resources and spread them across so many things and so much of what we spend it on is negative and punitive, it is hard to achieve that concentrated focus that we so clearly seem to need.

Chairman FORD. You know we have a big job ahead of us in the areas that we are speaking of today. Welfare reform won't address all the issues, or many of the issues that we are discussing here today.

Mr. STREET. Can I add one word to that?

One of the things that we ought to look at also is that the Bureau of Prisons itself has an—examines the extent to which a prisoner is dangerous and, therefore, one might argue, the extent to which he needs to be imprisoned.

One of the things that we could look at in terms of savings and in terms of going across the criminal justice system in terms of saving money—we know that we are over-imprisoning people—how much we save if we unimprison people.

Every person that goes to prison loses *x* amount of life and *x* amount of activities that might probably earn him an income. We are turning out people that are going to cost more money rather than cost less money. We are not paying attention to that. It can pay not to put people in prison.

The argument is why do we use prisons so much, and couldn't we do it better. You can send a student to Cornell or to Harvard cheaper than you can send them to prison. And that is the kind of comparison that we need to make.

Chairman FORD. And there are more Black athletes in jails than there are in colleges and universities in the Nation.

Mr. STREET. And there will be more in the future.

Chairman FORD. One of the problems that we haven't focused on, but comes up in talking with many of the communities in my congressional district is that people don't want to go to jail but there are three meals and they are housed in these institutions. Therefore, they are not intimidated in their minds when they are talking about committing a crime, knowing they are going to have to be locked up for 3 to 4 years. Going to see some of the conditions that people are living in. Oftentimes it is an upscale.

Dr. Cook, I want to propose another question to you. We just had Assistant Secretary Bane here, and she has talked about the task force on welfare reform; and we all know that welfare reform will be forthcoming in the early part of 1994. There has been a lot of talk about time-limiting welfare benefits. And I guess the intention behind this idea is to promote self-sufficiency instead of dependency.

But what are likely to be the consequences of stopping payments to welfare recipients after they have been receiving them for 2 years? What is going to be the impact?

And I am not speaking of those that will receive the training and the education and move on into the work force, which I feel most people would like to do. But without a jobs program attached to it—a lot of my colleagues are not talking about a jobs program; this is a very popular political issue. There are those in the Congress who would like to make political hay. And it is unique in a political campaign to talk about welfare recipients. But hopefully we are going to define this issue before the 1994 fall elections. And those that think they are going to politicize and use the poor in this country might be in for a big surprise.

But what do you see in cases where that does happen with a 2-year limitation and people will move off welfare and not be able to go into the work force?

Mr. COOK. Well, we don't know yet the details of what the administration proposes for dealing with people like this. But it is very clear that the job—they are not having good paying jobs, and

they have been on for 2 years and they obviously haven't succeeded in finding a job.

Chairman FORD. Let me back up. Working with the President when he was head of the Governors' Conference on Welfare Reform in 1988, we certainly had a lot of input from then-Governor Bill Clinton. And I don't see his proposal. Although he is an advocate of a 2-year limit on welfare.

But there are some of my colleagues and groups in this country who want to exploit this particular issue and, as chairman of this Human Resources Subcommittee, we are going to say no. But in case some of those provisions are adopted, what will be the impact of it? Not what the administration is proposing; but do you see legislation that is before the Congress today that was introduced just a few weeks ago that says after 2 years the person is cut off or you will have to go work in some type of makeshift, public service, sweeping-leaves-in-the-park-type jobs?

Mr. COOK. Well, for people who are cut off, it is likely to be pretty disastrous, because you can take the make-work if it is available or you have to generate other sources of revenue for yourself and your family. And the issue is where are these other source of revenue coming from? And they are likely to be underground activities. However one's ingenuity takes one, reliance on extended family. It is going to be very, very difficult.

And we are going to have a time when there is going to be a lot of agonizing public soul searching about what should happen and a lot of political contentiousness with taking sides about people whose 2 years are up.

Mr. HANDLER. Dr. Cook also mentioned the issue of parenting. And most welfare recipients now are really scrambling all day long to supplement their welfare. To cut off more of the welfare, you are going to increase the burdens of parenting that much more. And we know that this has harmful outcomes for children: lack of supervision, homework, school, and things like that.

Chairman FORD. But to cut off the welfare jobs, you are not faced with that problem. For some strange reason, there are those who believe that there are so many jobs out here in the marketplace and that welfare recipients are just so lazy until they just don't want to work. They want to live off the taxpayers of this country. Those who have watched the trends of poverty throughout the country and the welfare population, don't necessarily agree with those who would like to make political hay out of it. These are humans that we are talking about. They are American citizens that we talk about. They happen to be the downtrodden.

And the welfare population, two-thirds of the people that we are talking about happen to be children. I think Dr. Street has made an eloquent comparison today. We must come closer to reality in trying for job creation.

With job creation, problems that we are talking about would certainly be removed. We can give unemployment compensation out to the hardcore unemployed to the tune of billions of dollars at a time, and I support that. But whenever there are no more benefits available, then the welfare rolls will continue to increase unless we create more jobs.

I believe unemployment compensation should fall in the same category as welfare reform. The same is true with some of the other programs that are in existence that might not be going to the poor population of this country that could very well be going into the corporate structure of America.

And we have different names and different phrases for different appropriations in the Congress. I am going to take this testimony with me as I travel back to my district tomorrow. And I have a task force that I am going to meet with on Thursday.

I mentioned earlier, before all you were seated, as chairman of this subcommittee, I might be seeking additional information. This is an area, as chairman, that I plan to put a lot of long hours into, to try to at least start in my district and, hopefully, from a national perspective to make a difference in the leadership. You must help us in the Congress to help those who have been deprived, that we are talking about today; maybe we can put them back into the mainstream of America. Once we do, they are taxpayers for the country, strengthening the tax base at the Federal, State, and local levels.

We cannot afford to lose the reservoir of young minds and talents that is out there.

Let me thank you for the comments.

Dr. Street.

Mr. STREET. I am reminded of what Casey Stengel once said: They say prediction is hard, especially about the future.

But this one is easy. It seems that if you cut people off and they have no money, they are going to go hungry and they are going to do bad things. That is not a hard prediction.

Chairman FORD. Without welfare being cut off, each one of you, in 30 seconds, what will be the trend or what would it look like in the year 2000?

We are now less than 7 years away as we approach the 21st century. If we continue at the rate that we are going today, what will the picture look like for poor families and children?

Mr. STREET. Things would be worse because all of the people that would be here in the year 2000 are born now. And all of the concerns that we have now will not change.

Chairman FORD. How bad? How much worse will it be?

Mr. STREET. Pick a magic fraction. Let's pick 5 percent. Worse.

Mr. HAGAN. I will answer your question in the area of crime, because it is the area that I study; and I will try to think about it in the terms that you suggest, because I think the stakes are so high.

I think that by the year 2000 it could be easily the case that we will have 1 million Americans in prison in this country. I think there likely will be more guns than people.

Chairman FORD. How many people in prison?

Mr. HAGAN. More than a million.

Chairman FORD. It is almost a million now.

Mr. HAGAN. That is right. It is over 800,000. We have more than 200 million guns in this country. I think it is likely that we will have more guns than people by the year 2000.

African-Americans will continue to experience homicide at rates that are at least six times those for whites. And I think, in terms

of crime, our country will look much more like a developing country than it will look like a modern, industrialized society.

Mr. HANDLER. I think the most important problem that we have to address—and I really don't see very many solutions on the horizon—is the problem of the spread of low-wage, contingent, part-time work in place of good jobs. And as long as it keeps spreading—and it seems to be a global fashion—I think you are going to have an increase in the poverty rates, and I think you are going to have an increase in the female-headed household.

And I also think you are going to have an increase in the abandonment of children and the rise of orphanages as the foster care system becomes increasingly overwhelmed.

We have simply got to reverse the spread of low-wage—as they call them on the street—no-benefits jobs.

Mr. COOK. In the increase in concentrated poverty from 60, to 70, 90 percent, inexorably, more and more areas of the cities are becoming more and more densely poor. Forces that propel that are still present. And the key is going to be more jobs, not just any jobs, however, but more better jobs that have a chance of paying a family wage to two people combined, a good family wage.

And the political realities for making that happen and the money for making that happen and the market forces that might make that happen, I don't quite see there yet. So I am a bit of a pessimist I am afraid.

Chairman FORD. What we see is that the poverty rate has increased since 1989 from about 12.8 percent to about 14.5 percent today. This is almost a 2 percentage point increase in the poverty rate over a 2-year period.

I saw on the national news that the FBI report shows that the crime rate for all crimes were down about 5 percent. In my city, we were up in 1993 by 1.8 percent.

And if we look at the trends in urban areas—and I can't speak for the rural areas because I haven't seen or studied any of those over the past 6 years, with all the violence and crime committed connected or related to the drug problem—and certainly it is related to the unemployment problem—we have seen a steady, steady increase. Although I have not read the whole FBI report to see where they have the drop in the crime, it would be interesting to see some of the urban area crime problems and issues we are addressing here.

I see that the crime rate is jumping, because I can look at the homicide rate in these poverty stricken areas and see an increase each year in every city. The same is true when you look at the emergency rooms in these urban areas, and see gunshot victims or other victims who have ended up in emergency rooms and trauma centers.

I am going to finish reading this Business Week article that states $5 billion is spent in medical care. I can't disagree with this today, but it just doesn't sound right. I would think it would be much more than that when considering what it costs in my city in the emergency room and trauma centers in the major city hospital. If you look at the Nation as a whole, violence and crime is a threat to our health as well. And it is a costly threat to the health and the environment of our cities in this country.

Thank you again for coming. I am sorry that you were delayed a few minutes in testifying before the subcommittee. But I appreciate each one of you for coming today and giving us your testimony, as well as responding to questions.

That will conclude the panels for the subcommittee today. I want to thank both panels for coming and announce that this Subcommittee on Human Resources will continue to study the trends in the areas of welfare reform and poverty in this country. We will continue to call upon the experts of this Nation to help us comprehend this issue in a way that we can be prepared to share with our colleagues in the Congress to move when we reconvene for the second session of the 103d Congress.

That concludes the business of the subcommittee today.

[Whereupon, at 2:34 p.m., the hearing was adjourned.]

[A submission for the record follows:]

TESTIMONY BY KEVIN M. ASLANIAN
NATIONAL WELFARE RIGHTS & REFORM UNION

Mr. Chairman and Members of the Committee:

Thank you for the opportunity to present our testimony for your consideration.

Because the National Welfare Rights and Reform Union represents the poor families of America, the deterioration of poor families and children is of paramount concern to us

The following four case histories are typical of our members:

"Anita" of Riverside County, California had nothing to give thanks for this Thanksgiving. She was illegally sanctioned by the Riverside County GAIN bureaucrats for failing to participate in the GAIN program. The reasons for her non participation were because she had no child care and she was remote, which means she had to travel more than one hour each way in order to participate in the Riverside GAIN program. While those reasons legally represent "good cause" for not participating in GAIN, they were not enough to stop the Riverside GAIN bureaucrats from implementing the primary mission of the GAIN program, which is to sanction impoverished families by reducing the family's income. There are thousands of Anita's suffering today due to the illegal acts of the Riverside County workfare bureaucrats.

In Ohio, "Mary" is working, but has to spend her food money to meet her work-related expenses because the AFDC system limits the $30 and 1/3 work incentive. Her children often go to bed hungry as a result of her working. To these kids, work means hunger and sometimes homelessness. To date, the Clinton Administration has made no proposals to assure that work does not equal hunger and homelessness.

"Susan" from Wisconsin is told that if she dare go to a four year college, she will be sanctioned. Thus, she must work for the welfare/workfare bureaucrats, remain dependent on welfare, in lieu of going to school, getting an education and becoming independent.

In Detroit, "Jean's" child was killed in a recent gang shooting. She wanted to be there for her child when he came home from school. However, she

was forced to perform free labor for the Michigan workfare bureaucrats in a workfare program or face reduction of her already meager AFDC check. "Poverty and the MOST program killed my child." said Anita. "MOST would not let me be home when my teenage son got home, he found another family with the gangs. The gangs had more money and were there for him when I couldn't be."

There are some major reasons for the deterioration of families in our communities. Professor Joel Handler of UCLA Law School, has presented the problem very eloquently and we agree with his analysis. But we would like to expand on them.

1. Families need to be able to provide for their children. If the family in our distressed communities can't provide even the basics, then the gangs will. Thus, Congress needs to assure that children can rely on their families to meet their basic survival needs. Until we have full employment in the US, this cannot be done. It has to be done through adequate income transfer programs.

2. Children should not starve, or become homeless because the parent(s) choose to work. Unbelievably, this is what happens under current AFDC laws enacted by Congress in 1980. Today, work for AFDC recipients means misery, starvation and homelessness. The laws that need to be repealed to make work pay are: (1) placing time limits on the $30 and 1/3 deduction; (2) limiting work related deductions to a $90 standard deduction, instead of using actual expenses; (3) repealing the provision which denies working persons work deductions for late reporting; and (4) limiting overpayment recoupment to no more than 10% of the actual grant, rather than allowing for the overpayment recoupment from all of the deductions. More money for JOBS bureaucrats will not make work pay.

3. Employment and training programs should be available to people rather than forcing people to participate. You can't force people to do things that they do not want to do. Most civilized people have figured this out except for the welfare bureaucrats who insist that welfare recipients need to be whipped into participating in training and education programs. These same workfare bureaucrats would vehemently oppose any efforts to make their salary dependent upon the number of jobs found for JOBS participants

which gets them off of welfare and out of poverty.

4. The JOBS program needs to be transferred from the welfare department to the "employment agency" of each state. Lawyers cannot perform brain surgery and so, the "welfare department" cannot perform employment-related duties.

5. Families who have a child support enforcement right should not be forced in any way to participate in a work program unless they volunteer. Because they are the victims of government's inability to do it's job, which is child support enforcement, these families shall not be subject to any sanctions for failure to participate. Parents shall have a right to establish child support obligations in federal court, but the order shall be enforced by state court.

6. The AFDC program needs to be revised to include all individuals who are needy regardless of deprivation.

7. To assure uniformity, welfare programs shall be administered by the state, not the local agencies.

We are appalled at the goals Ms. Mary Jo Banes outlines in her testimony. Specifically, they are:

WORK- Work must pay, so that those who make the transition off of welfare are rewarded for their efforts.

FAMILY - There is an expectation that families are first and foremost responsible for the well-being and support of their children; that even if they do not live with their children, parents are obligated to support them.

OPPORTUNITY - There is a recognition that we must invest in the productive capacity of welfare recipients through education, training and employment opportunities and that families need child care and medical assistance in making the transition from welfare to work.

RESPONSIBILITY - Everyone who can should work to support their fami-

lies.

HOW WILL THIS BE ACCOMPLISHED?	NWR&RU RESPONSE
• A commitment to bring training, education and other support services to a larger group of people living in distressed communities to help them get and hold jobs.	1. We must assume that Ms. Bane is referring to the JOBS program when she speaks of "training, education and other support services". How will this program help welfare recipients get jobs that will reward them? What does Ms. Bane mean by "reward"? Does she mean that persons will get jobs that would pay enough to support their families? Or does she mean that they will get menial jobs that keeps them in poverty and on welfare? JOBS does not get its participants out of poverty as evidenced by the numerous reports published by the Manpower, Research Development Corporation (MDRC). Thus, Ms. Bane fails to propose anything that would give us folks living in distressed communities any hope that things will get better. Rather, her commitment is to the JOBS bureaucrats who will receive more money. Ms. Bane would have us believe that by giving billions to workfare bureaucrats that would somehow help people in the distressed communities finds non existent jobs.

• A commitment to strengthen the child support enforcement system to reinforce the notion that both parents are responsible for their children, and to provide relief to the many single parents in distressed communities who are trying to support families on their own.

2. Strengthening child support enforcement as a way of addressing the problems in the distressed communities reveals Ms. Banes lack of knowledge about the people who live in distressed communities. In her "non-distressed" community there are absent parents making $50,000 to $100,000 who refuse to pay child support. In the distressed community their are absent parents who are unemployed, under employed, and suffer from a lack of adequate training and education, thus they have nothing, and there is nothing to enforce. Child support enforcement is not a resolution for the low income single parent families in the distressed communities- but it *is* in the Ms. Bane's community.

• A commitment to develop creative and effective ways to use the resources to be devoted to welfare reform as an economic stimulus for development in distressed communities.

3. Finally, Ms. Bane promises to develop creative and effective ways to use the welfare reform resources to stimulate the distressed communities. We need a commitment to have a minimum adequate level of benefits to reserve the 20 year decline in income to impoverished families in the distressed communities.

Ms. Bane and the Clinton Administration should know what the problems are with the distressed communities. The problems are defined by UCLA Professor Joel Handler who testified, "Family income is the single most important determinant of the settings in which children spend their formative years."

As professor Cook pointed out in his testimony, "Between 1973 and 1990, the median income of families with children headed by a parents under age 30, dropped 32% adjusted for inflation." The Clinton Administration and Ms. Bane have made no representation that income for families who cannot find work in the distressed communities will have the economic means to provide for their children during the formative years of their children's lives. There is no proposal to provide for national uniform benefit levels. Rather, it appears that the Clinton Administration is blaming the victims for what has happened to the distressed communities of America.

We would suggest that Ms. Bane read the testimony of Lawrence Katz of the Clinton Administration, who says that the way families become independent, is through e d u c a t i o n. Mr. Katz points out that, "The days when high school dropouts or even high school graduates could expect to move directly into good paying factory jobs for life are over." Ms. Bane and many of the welfare bureaucrats administering the JOBS program have not come to accept this new reality. Mr. Katz states that most employers favor "..more-educated labor inside almost every sector in the economy..." Why are Ms. Bane and welfare bureaucrats not proposing to allow AFDC recipients to obtain a higher education so they can become independent by getting jobs that pay enough to support their families?

Ms. Bane is impressed with and testified about the Riverside County, California model program which sanctions participants by reducing their income, thus putting families who live in distressed areas of our community, in imminent danger. The statistics of Riverside County are very revealing. Although Ms. Bane mistakenly alleges in her testimony that over a two-year period, those participating in GAIN had over $100 a month more than those who did not. This is a false statement. What the MDRC report found was that GAIN participants in Riverside County made 98¢ a day more than those persons who were not in GAIN, but it cost the taxpayers $8.00 a day to make that 98¢. In California over the same two-year period GAIN participants made 21¢ more than non-GAIN participants at the cost of $4.50 a day. Welfare/workfare bureaucrats often manipulate statistical information to pamper their pet programs.

Mr. Chairman, we have included for your information, a recent report prepared by our sister organization, the Coalition of California Welfare Rights Organiza-

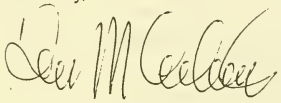
tions, Inc., in response to the recent MDRC report.

Thank you for the opportunity to listen to the views of the National Welfare Rights and Reform Union.

Thank you for your consideration of our testimony.

We are also including a letter which we mailed to President Clinton regarding the inhumane treatment we have received from HHS.

Sincerely,



Kevin M. Aslanian, Chair
Litigation and Legislation Committee

Attachments:

1. Letter to President Clinton
Report on the GAIN program

NATIONAL WELFARE RIGHTS & REFORM UNION, INC.

NWR&RU

December 4, 1993

The Honorable BILL CLINTON, President
White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 2050o

Dear President Clinton:

Since 1989, the Bush Administration, and now your administration, has denied us access to public documents of HHS due to our economic status.

This whole matter started with Mr. Turner of HHS, who was the former Administrator of the Office of Family Assistance, decided to stop honoring our freedom of information act requests.

During 1989 we requested copies of all testimony relative to the proposed JOBS regulations and the agency's analysis thereof. We wanted to see what were the public concerns and what decisions did the agency make in response to those concerns. We also wanted to be able to communicate this information to our member through our "National Welfare Rights Reporter" publication.

HHS mailed us a letter requesting the payment of over $1,500 for this information. We did not have the money thus could not send the money we did not have. **We never received the requested information.** We also did not have the attorneys to file a law suit to stop this illegal action of HHS.

When your administration come to town we had hoped that there would be a "change". We had hoped that representatives of the poor would be treated with some dignity. We were wrong so far.

We have been vigorously trying to resolve this problem . To do so we have performed the following acts:

1. Telephoned Ms. Avis L. LaVelle at 202-690-7850, who is the Assistant Secretary for Public Affairs in charge of the Freedom of Information Act office in HHS:

Placed call on	7/26/93	Left Message- No Return Call
Placed call on	7/28/93	Left Message- No Return Call

1901 ALHAMBRA SACRAMENTO, CA 95816 TEL. (916) 736-0616 FAX (916) 736-2645

Placed call on	7/30/93	Left Message- No Return Call
Placed call on	8/3/93	Left Message- No Return Call
Placed call on	8/10/93	Left Message- No Return Call
Placed call on	8/18/93	Left Message- No Return Call
Placed call on	9/7/93	Left Message- No Return Call
Placed call on	9/8/93	Left Message- No Return Call
Placed call on	9/15/93	Left Message- No Return Call
Placed call on	9/22/93	Left Message- No Return Call
Placed call on	9/24/93	Left Message- No Return Call
Placed call on	9/27/93	Left Message- No Return Call
Placed call on	9/30/93	Left Message- No Return Call
Placed call on	10/4/93	Left Message- No Return Call
Placed call on	10/19/93	Left Message- No Return Call
Placed call on	10/21/93	Left Message- No Return Call
Placed call on	10/25/93	Left Message- No Return Call

2. I have also placed numerous calls to Mr. Victor Zonana, who is a deputy assistance secretary at 202-690-4343:

Placed call on	8/5/93	Left Message- No Return Call
Placed call on	8/7/93	Left Message- No Return Call
Placed call on	8/5/93	Left Message- No Return Call
Placed call on	8/9/93	Left Message- No Return Call
Placed call on	8/18/93	Left Message- No Return Call
Placed call on	9/7/93	Left Message- No Return Call
Placed call on	9/8/93	Left Message- No Return Call
Placed call on	9/15/93	Left Message- No Return Call
Placed call on	9/22/93	Left Message- No Return Call
Placed call on	9/24/93	Left Message- No Return Call

Placed call on	9/28/93	Left Message- No Return Call
Placed call on	9/30/93	Left Message- No Return Call
Placed call on	10/4/93	Left Message- Got a return call. He said he will put this matter on high priority and get back fast
Placed call on	10/19/93	Left Message- No Return Call
Placed call on	10/21/93	Left Message- No Return Call
Placed call on	10/25/93	Left Message- No Return Call

3. On October 25, 1993 I received a letter from Mr. Rosario Cirrincione representing the Clinton Administration stating:

> "There is no further room for debate on this issue. **I am instructing Mr. Zonana's secretary and mine not to accept phone calls from you and your organization. Written communications from you,** unless they contain payment for your outstanding debt, **will be returned unanswered**. (Our emphasis added)

Again the payment is for information we never got. We should also point out that we have an answering machine and we never received a message from Cirrincione, although he alleges that he tried to reach me a number of times. (See first paragraph of his letter attached hereto.

Mr. President, we do not represent rich people. We do not represent academics and scholars. We do not represent the welfare industry bureaucrats. We simply represent the poor families who need to welfare benefits to keep their families together in lieu of relinquishing their children to the foster care system.

We believe that the treatment we have received from HHS is outrageous to say the least. In essence HHS has placed us on a McCarthy list of their own. Will you help us?

Thanks,

Kevin M. Aslanian, Vice President for Policy and Legislation

Attachment

A Closer Look at

"GAIN:TWO-YEAR IMPACTS OF SIX COUNTIES"

by Manpower Demonstration Research Corporation Report Dated April 1993

June 1993

- GAIN does not assist AFDC recipients to make enough income to escape POVERTY.
- The average GAIN participant receives 21¢ a day more than those not in the GAIN program at a cost of $6.45 a day.

Published by
Coalition of California Welfare Rights Organizations, Inc.
1901 Alhambra Blvd., Sacramento, CA 95816 • (916) 736-0616

ABOUT CCWRO

The Coalition of California Welfare Rights Organizations (CCWRO), located in Sacramento, is a nonpartisan, nonprofit legal services support center that provides legal representation, consultation and information to legal services programs and other persons referred to CCWRO by legal services field programs. CCWRO provides information on public policy issues that have an impact on low income persons and families. CCWRO's Board of Directors includes current and former recipients of public assistance as well as concerned professionals.

CCWRO BOARD OF DIRECTORS

President, Robert Teets, Jr., Attorney
San Francisco, CA

Cynthia Anderson, Advocate
Los Angeles, CA

Nancy Berlin, Advocate
Los Angeles, CA

Elisa James, Advocate
Stanislaus County Welfare Rights Organization
Modesto, CA

Merkel Harris, Advocate
San Diego Welfare Rights Organization
San Diego, CA

Linda Lemaster, Advocate
Welfare Parents Support Group
Santa Cruz, CA

Benny Sanchez, Advocate
CRLA
Marsyville, CA

Particia Sturdevant, Attorney
Sturdevant & Sturdevant
San Francisco, CA

Debra Roman, Advocate
Santa Clara County WRO
San Jose, CA

Victoria Yanez, Attorney
Santa Rosa, CA

About the Author

Kevin Aslanian is the founder and director of the Coalition of California Welfare Rights Organizations. As a former AFDC recipient, he experienced the problems common to public assistance recipients. For the past two decades, Mr. Aslanian has written about the effects of public assistance and workfare legislation upon welfare recipients.

June 1993

Coalition of California Welfare Rights Organizations, Inc.
1901 Alhambra Blvd. Sacramento, CA 95816
Telephone. 916-736-0616

Table of Contents

	Page
Introduction	*1*
Costs Determinations for the GAIN Program	*2*
A Closer Look at California (statewide)	*3*
A Closer Look at Alameda County	*4*
A Closer Look at Butte County	*5*
A Closer Look at Los Angeles County	*6*
A Closer Look at Riverside County	*7*
A Closer Look at San Diego County	*8*
A Closer Look at Tulare County	*9*
Table #1 through #8	*10*
Table #1 of the MDRC Report	*12*

Introduction

In this report, we will take a closer look at Manpower Demonstration Research Corporation's (MDRC) Report entitled, "GAIN: Two Year Impacts of Six Counties" released in April 1993. MDRC focussed on six California counties: Alameda, Butte, Los Angeles, Riverside, San Diego and Tulare. While MDRC attempted to portray the report as proof that GAIN is a success, a further analysis of their report shows that GAIN, for the most part, is a failure.

Table #1 of the 1993 MDRC Report found on page 12, shows that statewide, participants' net income increased $155 over 24 months or 21¢ per day.

The graphs beginning on page 3 compare the net monetary increase (loss) for GAIN participants with those who did not participate in GAIN. The graphs also show the cost to the taxpayers, statewide, in each of the six countie.s This was not shown in the MDRC report. MDRC plans to release the cost figures in the next MDRC multimillion dollar report scheduled in 1994.

County	Daily Net Benefits Per GAIN Participant*	Daily GAIN Costs to Taxpayers Per Participant	Monthly Net Benefits Per GAIN Participant	Monthly GAIN Costs to Taxpayers Per Participant
ALAMEDA	45¢	$14	$13	$434
BUTTE	19¢	5	6	162
LOS ANGELES	-86¢	15	-26	451
RIVERSIDE	98¢	8	29	251
SAN DIEGO	38¢	9	11	262
TULARE	-15¢	7	-5	211
STATEWIDE	21¢	5.50	6	166

* This reflect the net benefits of GAIN participants compared to those not participating in the GAIN program.

COSTS DETERMINATIONS FOR THE GAIN PROGRAM

This section describes the methodology used to estimate the cost of GAIN per participant in each of the six counties. The Department of Social Services (DSS), the agency administering GAIN, provided the actual expenditures for FY's 88-89 through 91-92 for the six counties. (See TABLE #1 on page 9.)

GAIN is financed by direct and indirect funding. Allocations made to GAIN in the State budget is direct funding. Approximately 50% of the total GAIN funding is direct. The remaining is derived from indirect funding. The State funds such programs as the Job Training and Partnership Act (JTPA) and ADA. In turn, JTPA and ADA allocates funding to provide services to GAIN participants. The proposed GAIN funding for FY's 88-89 through 91-92 was acquired from the Budget Reports issued by the Office of the Legislative Analyst. (See TABLE # 2.)

To determine the percentage of each county's expenditure, we divided the amount each county spent by the statewide amount spent. (See TABLE #3.)

The total amount of funds, direct and indirect, that each county used was computed by multiplying the actual statewide GAIN expenditure by each county's percentage of the total amount spent. (See TABLE #4.)

We reviewed DSS' GAIN 25 publication, to obtain the number of actual participants in GAIN who were "unduplicated participants." (See TABLE #5.)

Since funds are not all used for unduplicated participants (some are used for exemptions, etc.), we calculated the percentage of persons who participated in the GAIN program based upon the May 1992 MDRC report. (See TABLE #6.)

We divided the total amount of GAIN funding for each county on TABLE # 4 by the total number of unduplicated participants for the MDRC report period, as shown in TABLE # 7.

The result was the estimated cost per participant. To arrive at the final estimated amount of actual cost per participant, we used the percentage set forth in TABLE #6 of the total costs per participant, rather than using 100% of the cost per unduplicated participant. (See TABLE #8.)

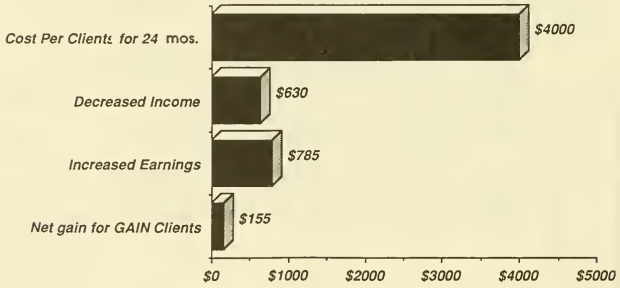
A Closer Look at

CALIFORNIA (Statewide)

ANALYSIS

For the 24 month MDRC report period, the average GAIN participant in California had a net gain of $155 **($6.45 per month or 21¢ per day).**

This 21¢ per day net gain for GAIN participants costs taxpayers over $4,000 ($166 per month, $5.50 per day). If MDRC touts this as "success" what is "failure"?



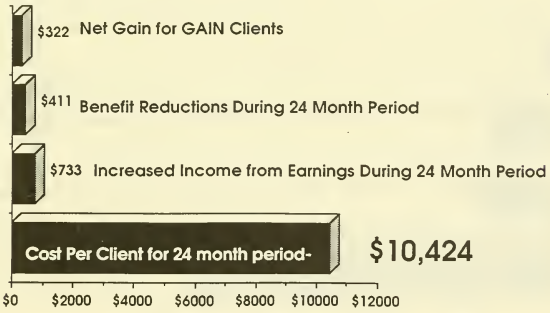
A Closer Look at

ALAMEDA County

ANALYSIS

For the 24 month MDRC report period, the average GAIN participant in ALAMEDA County had a net gain of $322 ($13.40 per month or 45¢ per day).

This 45¢ per day net gain for GAIN participants costs taxpayers $14 per day ($434 per month, $10,424 over 24 months). If MDRC touts this as "success" what is "failure"?



A Closer Look at

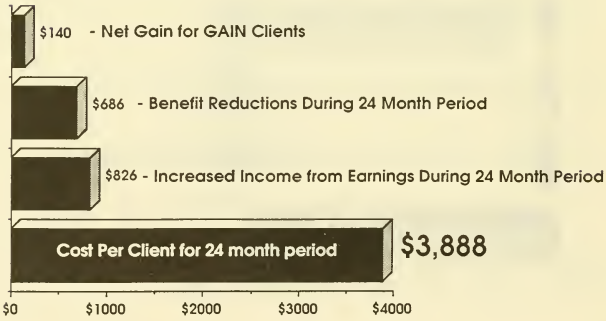
BUTTE County

-5-

ANALYSIS

For the 24 month MDRC Report period, the average GAIN participant in BUTTE County had a net gain of $140 ($5.83 per month or 19¢ per day).

This 19¢ per day net gain for GAIN participants costs taxpayers $5 per day ($162 per month, $3,888 over 24 months). If MDRC touts this as "success" what is "failure"?



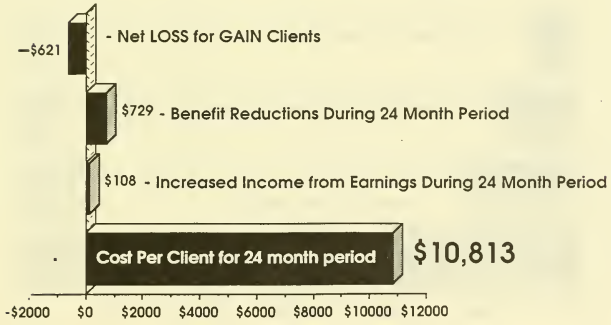
A Closer Look at

LOS ANGELES County

ANALYSIS

For the 24 month MDRC report period, the average GAIN participant in LOS ANGELES County had a net LOSS of -$621 (-$25.87 per month or -86¢ per day).

This -86¢ a day net LOSS for GAIN participants costs taxpayers $15 per day ($451 per month, $10,813 over 24 months). If MDRC touts this as "success" what is "failure"?



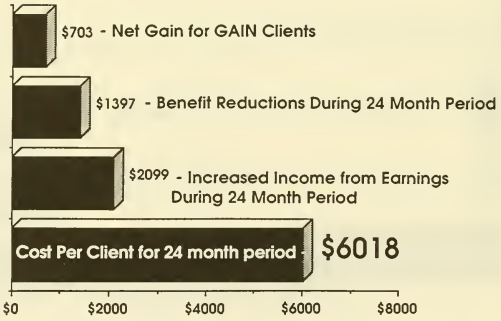
A Closer Look at

RIVERSIDE County

ANALYSIS

For the 24 month MDRC report period, the average GAIN participant in RIVERSIDE County had a net gain of $703 ($29.29 per month or 98¢ per day).

This 98¢ per day net gain for GAIN participants costs taxpayers $8 per day, ($250 per month, $6,018 over 24 months). If MDRC touts this as "success" what is "failure"?


$703 - Net Gain for GAIN Clients
$1397 - Benefit Reductions During 24 Month Period
$2099 - Increased Income from Earnings During 24 Month Period
Cost Per Client for 24 month period - $6018
$0
$2000
$4000
$6000
$8000

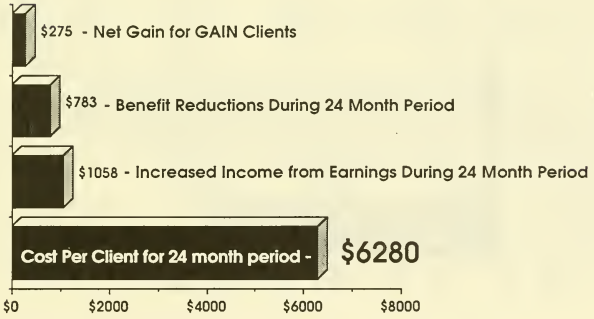
A Closer Look at

SAN DIEGO County

ANALYSIS

For the 24 month MDRC report period, the average GAIN participant in SAN DIEGO County had a net gain of $275 ($11.45 per month or 38¢ per day).

This 38¢ per day net gain for GAIN participants costs taxpayers $9 per day ($262 per month, $6,280 over 24 months). If MDRC touts this as "success" what is "failure"?



A Closer Look at

TULARE County

ANALYSIS

For the 24 month MDRC report period, the average GAIN participant in TULARE County had a net gain of -$111 **(-$4.63 per month or -15¢ per day).**

This -15¢ per day net LOSS for GAIN participants costs taxpayers $7 per day ($211 per month, $5,055 over 24 months). If MDRC touts this as "success" what is "failure"?

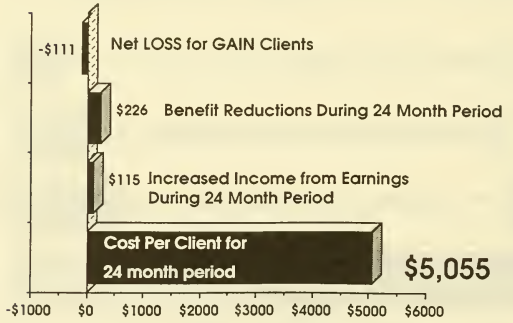


TABLE # 1

TOTAL AMOUNT OF ACTUAL EXPENDITURES

	FY 88/89	FY 89/90	FY 90/91	FY 91/92
Alameda	$ 2,752,849	$ 5,242,723	$ 4,760,823	$ 5,336,857
Butte	$ 2,396,220	$ 2,603,575	$ 2,682,589	$ 2,633,223
Los Angeles	$ 11,004,614	$ 25,114,390	$ 40,459,703	$ 38,250,092
Riverside	$ 5,613,967	$ 8,665,291	$ 9,256,329	$ 7,829,881
San Diego	$ 18,514,923	$ 22,791,668	$ 20,056,980	$ 14,997,560
Tulare	$ 1,744,805	$ 4,260,064	$ 4,044,326	$ 3,753,665
Statewide	$129,550,604	$178,892,404	$197,315,023	$174,848,320

TABLE # 2

GAINS FUNDS PROPOSED PER YEAR
(in millions)

	FY 88/89	FY 89/90	FY 90/91	FY 91/92
GAIN Funds	$ 364,040	353,063	364,350	329,000

TABLE # 3

PERCENTAGE OF THE STATEWIDE ACTUAL EXPENDITURES PER COUNTY

	FY 88/89	FY 89/90	FY 90/91	FY 91/92
Alameda	2.12 %	2.93 %	2.41 %	3.05 %
Butte	1.85 %	1.46 %	1.36 %	1.51 %
Los Angeles	8.49 %	14.04 %	20.51 %	21.88 %
Riverside	4.33 %	4.84 %	4.69 %	4.48 %
San Diego	14.29 %	12.74 %	10.16 %	8.58 %
Tulare	1.35 %	2.38 %	2.05 %	2.15 %

TABLE # 4

ESTIMATED TOTAL GAIN COST PER COUNTY

	FY 88/89	FY 89/90	FY 90/91	FY 91/92
Alameda	$ 7,810,165	$ 8,437,560	$ 8,780,835	$ 10,034,500
Butte	6,815,474	5,154,326	4,955,160	4,967,900
Los Angeles	31,277,500	49,566,254	74,728,185	71,985,200
Riverside	15,951,893	17,086,942	17,088,015	14,739,200
San Diego	52,644,932	44,976,786	37,017,960	28,228,200
Tulare	4,973,454	8,402,257	7,469,175	7,073,500

TABLE #5

NUMBER OF UNDUPLICATED PARTICIPANTS

	FY 88/89	FY 89/90	FY 90/91	FY 91/92
Alameda	1046	942	1345	1947
Butte	1097	1498	1483	937
Los Angeles	2539	5124	13375	1782
Riverside	1453	4492	6558	5584
San Diego	9275	8972	4553	7104
Tulare	2050	5069	2383	1352

TABLE #6

PERCENTAGE OF GAIN PARTICIPANTS WHO ACTUALLY PARTICIPATED IN THE GAIN PROGRAM PER MDRC 1991 REPORT

Alameda	Butte	Los Angeles	Riverside	San Diego	Tulare
62.1%	42.5%	51.3%	60.1%	55.1%	60.9%

TABLE #7

PERIOD OF MDRC REVIEW PER COUNTY

Alameda	Butte	Los Angeles	Riverside	San Diego	Tulare
89-92	88-92	89-92	88-92	88-92	89-92
36 mos.	48 mos.	36 mos.	48 mos.	48 mos.	36 mos.

TABLE #8

GAIN COST PER UNDUPLICATED PARTICIPANT

County	24 Months	Monthly	Daily
Alameda	$10,424	$434	$14
Butte	3,888	162	5
Los Angeles	10,813	451	15
Riverside	6,018	251	8
San Diego	6,280	262	9
Tulare	5,055	211	7

TABLE 1

SUMMARY OF GAIN's FIRST- AND SECOND-YEAR IMPACTS ON EARNINGS AND AFDC PAYMENTS FOR AFDC-FGs (SINGLE PARENTS)

	Average Total Earnings				Average Total AFDC Payments			
County	Experimentals ($)	Controls ($)	Difference ($)	Percentage Change	Experimentals ($)	Controls ($)	Difference ($)	Percentage Change
Alameda								
Year 1	1421	1212	209	17%	6916	7066	-150	-2%
Year 2	2132	1609	524 *	33%	5816	6076	-260	-4%
Total	3553	2821	733 *	26%	12732	13142	-411	-3%
Butte								
Year 1	2001	1729	272	16%	5132	5486	-353 *	-6%
Year 2	2998	2442	554	23%	3715	4048	-333	-8%
Total	4997	4171	826	20%	8848	9534	-686 *	-7%
Los Angeles								
Year 1	1304	1308	-4	-0%	6875	7203	-328 ***	-5%
Year 2	1694	1582	112	7%	5711	6112	-401 ***	-7%
Total	2998	2890	108	4%	12586	13315	-729 ***	-5%
Riverside								
Year 1	2470	1550	920 ***	59%	4968	5663	-695 ***	-12%
Year 2	3414	2234	1179 ***	53%	3461	4162	-701 ***	-17%
Total	5883	3784	2099 ***	55%	8429	9825	-1397 ***	-14%
San Diego								
Year 1	2462	2113	349 **	17%	5529	5832	-302 ***	-5%
Year 2	3503	2794	709 ***	25%	4199	4679	-480 ***	-10%
Total	5965	4906	1058 ***	22%	9728	10511	-783 ***	-7%
Tulare								
Year 1	1792	1941	-149	-8%	6363	6231	132	2%
Year 2	2532	2498	34	1%	5120	5027	94	2%
Total	4324	4439	-115	-3%	11484	11258	228	2%
All counties (a)								
Year 1	1908	1642	266 ***	16%	5964	6247	-283 ***	-5%
Year 2	2712	2193	519 ***	24%	4670	5017	-347 ***	-7%
Total	4620	3835	785 ***	21%	10634	11264	-630 ***	-6%

NOTES: Dollar averages for each year include zero values for sample members who were not employed or did not receive welfare during that year.

A two-tailed t-test was applied to differences between experimental and control groups. Statistical significance levels are indicated as *** = 1 percent (the highest level);** = 5 percent; * = 10 percent.

(a) This estimate is the average of the impacts for each county, which were equally weighted.

BOSTON PUBLIC LIBRARY
3 9999 05983 286 3

76-218 (112)

ISBN 0-16-043656-7